

General Agreement on Trade in Services: Examination of Major Trading Partners' Schedules of Commitments

Investigation No. 332-358

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U.S. International Trade Commission

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Publication 2940

December 1995

PREFACE

Following receipt on January 4, 1995, of a request from the United States Trade Representative (appendix A), the U.S. International Trade Commission instituted the investigation *General Agreement on Trade in Services: Examination of Major Trading Partners' Schedules of Commitments* (investigation 332-358). The purpose of this report is to examine the schedules of commitments of the European Union, Japan, Canada, and Mexico, explain the commitments in non-technical language, and identify the potential benefits and limitations of the commitments. In a letter to the U.S. International Trade Commission dated March 17, 1995, the United States Trade Representative requested that this report be a public document and that no confidential information be included (appendix B).

Copies of the notice of the investigation were posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC 20436, and the notice was published in the *Federal Register* (60 F.R. 6732) on February 3, 1995 (appendix C). The Commission held a public hearing in connection with the investigation on June 7, 1995. All persons were allowed to appear by counsel or in person, to present information, and to be heard. In addition, interested parties were invited to submit written statements concerning the investigation.

The information and analysis provided in this report are for the purpose of this report only. Nothing in this report should be considered to reflect possible future findings by the Commission in any investigation conducted under statutory authority covering the same or similar subject matter.

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EXECUTIVE SUMMARY

On January 4, 1995, the United States Trade Representative requested that the Commission examine the schedules of service commitments submitted by the European Union, Japan, Canada, and Mexico. In these schedules, signatories to the General Agreement on Trade in Services (GATS) specify the limitations that they maintain on international trade and investment in services. The GATS was negotiated during the Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT), and is an integral component of the Agreement Establishing the World Trade Organization (WTO).

The Commission has been requested to examine the content of these schedules, explain the commitments in non-technical language, and identify the potential benefits and limitations of foreign commitments to U.S. service providers. The request letter specifies that the Commission should examine commitments pertaining to the following service industries:

- o distribution services, defined as wholesaling, retailing, and franchising services;
- o education services;
- o communication services, defined as enhanced telecommunication services, courier services, and audiovisual services;
- o health care services;
- o professional services, defined as accounting, architectural, engineering, construction, advertising, and legal services;
- o transportation services, defined as rail and trucking services; and
- o travel and tourism services.

In addition, the request letter directs the Commission to examine cross-industry commitments regarding the temporary entry and stay of "natural persons." A natural person is an individual who is engaged in the production or sale of services in a foreign market, whether acting alone or on behalf of a corporation or other business entity.

Staff interviewed representatives of well over 100 companies and organizations in the course of conducting this study. The final assessment is primarily qualitative in nature, drawing on interviews and other primary sources. A quantitative summary of GATS commitments for the selected trading partners and service industries is provided in the final chapter.

Trade in Services and the GATS

The WTO estimates that global trade in services is valued at over \$4 trillion annually. In 1993, cross-border service exports by U.S. firms measured nearly \$141 billion, and cross-border service imports measured \$99 billion, generating a surplus of over \$41 billion. This surplus offset over 30 percent of the U.S. merchandise trade deficit in 1993.

Despite the considerable volume of trade in services, multilateral disciplines were not applied to service transactions until the GATS took effect on January 1, 1995. Trade in services previously had been addressed only in regional agreements (e.g., the North American Free-Trade Agreement (NAFTA)). The GATS is the first multilateral, legally enforceable agreement covering trade and investment in the service sector. The agreement generally binds signatories to provide foreign firms with market access and nondiscriminatory treatment subject to defined exemptions. The agreement is designed to reduce or eliminate regulatory measures that prevent services from being provided across borders or that discriminate against locally-established service firms with foreign ownership. It provides a legal framework for addressing barriers to trade and investment in services, includes specific commitments by WTO member countries to restrict their use of those barriers, and provides a forum for further negotiations to open service markets around the world. Follow-on negotiations will commence in four years.

Summary of Findings

- o Overall, the GATS provides a substantial foundation for future efforts to liberalize international trade in services, providing unprecedented information on impediments to trade in signatory countries.
- o Schedules submitted by the United States' major trading partners surpass those submitted by most other countries in terms of transparency; i.e., the degree to which they explain trade-impeding regulations clearly, precisely, and comprehensively. U.S. service providers, particularly small- and medium-sized firms with limited experience in foreign markets, likely will benefit from the transparency provided through the scheduling process.
- o Schedules submitted by the United States' major trading partners do not always establish effective benchmarks; i.e., commitments that identify trade-impeding measures and, under the terms of the GATS, prevent these measures from becoming more restrictive in the future. Nevertheless, the United States' major trading partners have made substantive commitments with respect to many service industries (see below), and have agreed to observe a comprehensive list of trade-promoting disciplines. Consequently, there is greater certainty with respect to which services U.S. firms may provide to overseas clients, both now and in the future.

Assessment of Schedules by Industry

Distribution Services

- o The schedules of commitments suggest that among the subject trading partners, the European Union (EU) and Mexico are the most restrictive with respect to distribution services, and that Japan is the least restrictive. However, industry representatives indicate that they perceive Mexico and Japan as the most restrictive subject trading partners due to the administration of commercial regulations in Mexico and unwritten business practices in Japan. Although the NAFTA is intended to reduce Mexican barriers for U.S. service providers, industry representatives report that significant obstacles remain.

- o Commitments scheduled by the subject trading partners do not fully serve the purposes of transparency and benchmarking. Furthermore, U.S. industry representatives in Mexico and Japan indicate that there remain substantial non-regulatory barriers created by administrative policy and industry practice.
- o U.S. firms are concerned that Mexican regulations regarding import documentation, labeling requirements, and product standards are being applied in a manner that deliberately impedes market entry and efficiency.

Education Services

- o Among the subject trading partners, Canada, Austria, Finland, Sweden, and Japan appear most restrictive. With the exception of Japan, all these countries have declined to address education services in their schedules; as a result, these countries retain the right to maintain or impose trade-impeding measures. Yet, Japan and Canada are currently two of the largest U.S. export markets for education services, indicating that these countries have not imposed significant barriers to date. Further, U.S. service providers benefit from Canada's extensive commitments under the NAFTA. Mexico specifies relatively few restrictions under GATS and, like Canada, provides U.S. service providers with additional benefits under the NAFTA.
- o Schedules submitted by Canada, Austria, Finland, Sweden, and Japan do not serve the purposes of regulatory transparency and benchmarking. Canada, Finland, and Sweden offer no information regarding trade restrictions. Japan and Austria, meanwhile, do not address the exchange of college and university students, which is estimated to account for over 90 percent of overall trade in education services.

Enhanced Telecommunication Services

- o Subject trading partners generally impose few restrictions on foreign firms. Among these trading partners, Japan and Canada appear to impose the fewest restrictions, while Mexico lists the most extensive limitations. However, U.S. firms likely will not be affected adversely by Mexico's commitments under the GATS because they are subject to fewer restrictions under the NAFTA. Industry also has identified Mexico's underdeveloped telecommunication infrastructure as an impediment to providing enhanced telecommunication services.
- o Commitments offered by the subject trading partners fully serve the purposes of regulatory transparency and benchmarking. Because enhanced telecommunication services are expected to serve as a conduit for the provision of other types of services in the future, the absence of significant trade barriers is highly beneficial.

- o U.S. providers of enhanced services attach great importance to the ongoing negotiations on basic telecommunication services, scheduled to conclude in April 1996. These negotiations address issues such as interconnection, competition safeguards, regulatory oversight, and regulatory transparency with regard to basic telecommunication services, all of which significantly influence U.S. firms' competitive positions in foreign markets. Improvements in market access or national treatment as a result of these negotiations likely would benefit U.S. providers of enhanced services.

Courier Services

- o Among the subject trading partners, only Canada and Mexico scheduled specific commitments pertaining to courier services. Canada represents the least restrictive market for foreign couriers.
- o Schedules submitted by the European Union and Japan do not serve the purposes of regulatory transparency and benchmarking as they do not address courier services; as a result, these trading partners retain the right to maintain or impose measures that might limit market access and national treatment. Although this is potentially significant, U.S. couriers identify the European Union as their largest export market, suggesting that the European Union has exercised some restraint in implementing trade limitations.
- o U.S. couriers generally support the GATS agreement, but there is concern regarding border clearance procedures and trucking and packaging restrictions in Mexico and Japan. U.S. couriers believe that some of these measures delay delivery and disadvantage them relative to foreign competitors.

Audiovisual Services

- o Among the subject trading partners, Japan represents the least restrictive market. With few exceptions, Japan allows U.S. firms to provide audiovisual services in Japan through both cross-border supply and commercial presence. Mexico was the only other subject country to schedule industry-specific commitments in this sector. Other subject trading partners retain the right to maintain or impose measures that might limit market access and national treatment.
- o The schedules submitted by the European Union and Canada, especially the former, do not serve the purposes of regulatory transparency and benchmarking. The European Union and Canada listed relatively broad exemptions to most-favored-nation (MFN) treatment. The stated intent of these measures is to promote regional identity, cultural values, and linguistic objectives. In some instances, the exact nature of the measures to be applied to foreign service providers is not specified.

- o In spite of the MFN exemptions, restrictions on the provision of audiovisual services likely will be eroded over time. The commitments pertaining to enhanced telecommunications, together with the Annex on the Negotiations on Basic Telecommunications, permit the provision of audiovisual services over telecommunication networks and ubiquitous information networks. This, in combination with technological advances, global networking, and the deregulation of information networks, may ease restrictions on U.S. service suppliers.
- o U.S. industry representatives have expressed disappointment with the approaches taken by trading partners listing MFN exemptions. U.S. providers of audiovisual services confront onerous restrictions in their largest export market, the European Union.

Health Care Services

- o Although all subject trading partners place stringent restrictions on foreign health care providers, Japanese and Canadian limitations are perhaps most restrictive. Japan requires that hospitals and clinics be owned or managed by Japanese-licensed physicians and prohibits the establishment of investor-owned hospitals that are operated for profit. Canada did not address health care services in its schedule, thereby retaining the right to maintain or impose measures that might limit market access and national treatment. NAFTA provisions do not provide for the preferential treatment of U.S. health care providers.
- o The commitments scheduled by most subject trading partners generally do not serve the purposes of regulatory transparency and benchmarking. As noted above, Canada did not schedule any commitments on health care services and thus offers no benchmarks. Japan scheduled few commitments, leaving unspecified restrictions on many activities.
- o Despite the restrictive measures found in the subject trading partners, U.S. industry representatives generally have expressed satisfaction regarding most foreign commitments. They believe that the commitments scheduled by the European Union, in particular, improve the transparency of technical rules and regulations.

Accounting Services

- o Among the subject trading partners, the European Union represents the most restrictive market, and Canada and Mexico appear to be the least restrictive markets. Although there are few EU-wide restrictions, individual EU member states impose numerous limitations on foreign provision of accounting services.
- o Commitments scheduled by the subject trading partners are among the best in terms of regulatory transparency and benchmarking. Commitments specific to accounting services were scheduled by each of the subject trading partners.

- o While the accounting profession generally approves of the schedules submitted by the subject trading partners, industry representatives would like to reach agreements that provide for the mutual recognition of accounting credentials and the removal of exchange restrictions on capital transfers. A ministerial decision in the WTO established a working party to address these and other issues.

Architectural, Engineering, and Construction (AEC) Services

- o Among the subject trading partners, the schedules of commitments suggest that Mexico has the most restrictive market, while Japan and Canada appear to have the least restrictive markets. In practice, however, industry representatives report that Japan's market for AEC services is most restrictive due to widespread informal barriers to trade in that country. Canada and Mexico, meanwhile, offer more favorable commitments for U.S. service providers under the NAFTA than under the GATS.
- o Commitments scheduled by the subject trading partners do not fully serve the purposes of regulatory transparency and benchmarking. However, commitments made by certain trading partners appear to clarify some previously obscure government policies with respect to commercial presence and foreign equity participation.
- o U.S. industry representatives have indicated that many informal barriers to trade in AEC services exist and were not addressed during the scheduling exercise. It is unclear to what degree such barriers will be affected by the outcome of the GATS.

Advertising Services

- o Among the subject trading partners, Japan and the European Union appear to be the least restrictive markets, whereas Canada appears to be the most restrictive market. Canada did not address advertising services in its schedule, thereby retaining the right to maintain or impose measures that might limit market access and national treatment. For U.S. service providers, however, the NAFTA affords more favorable treatment than the GATS.
- o With the exception of Canada, the subject trading partners appear to have scheduled commitments that fully serve the purposes of regulatory transparency and benchmarking. The European Union and Japan establish firm benchmarks regarding foreign provision of advertising services through commercial presences, identified as the most important mode of delivery in this industry.

Legal Services

- o All subject trading partners appear to maintain significant restrictions on foreign provision of legal services. Among the subject trading partners, Canada is least restrictive, while Mexico and Japan appear to be most restrictive. Mexico did not schedule any GATS commitments pertaining to legal services, thereby retaining the right to maintain or impose measures that might limit market access and national treatment. However, in practice, U.S. firms have been able to establish a presence in Mexico's market as a result of reciprocity arrangements made by certain U.S. States under the NAFTA.
- o With the exception of Mexico and certain EU member states, the subject trading partners appear to have scheduled commitments that serve the purposes of regulatory transparency and benchmarking. Countries within the European Union did not establish a common approach to scheduling legal services, making it difficult to discern which EU member states are most restrictive.
- o U.S. industry representatives have expressed dissatisfaction with Japanese commitments. Japan is the largest single-country export market, yet barriers pertaining to foreign provision of legal services remain high. Legal service providers must practice for 5 years in the same jurisdiction to register with the Japanese Bar, and foreign firms are prohibited from employing or establishing a full partnership with *bengoshi*, the only lawyers allowed to provide all legal services in Japan.

Transportation Services

- o Most of the subject trading partners' commitments are somewhat restrictive, with those scheduled by Mexico, Japan, and certain EU member states appearing to be most restrictive. However, opportunities for U.S. suppliers in Mexico are expanding rapidly as a result of working group negotiations held under the auspices of the NAFTA.
- o Commitments scheduled by the subject trading partners generally do not serve the purposes of regulatory transparency and benchmarking. With the exception of Canada, the subject trading partners scheduled few commitments regarding primary transportation services.
- o U.S. industry representatives generally have expressed satisfaction with the commitments scheduled by major trading partners. They are particularly pleased that provisions negotiated under the NAFTA were maintained in the GATS.

Travel and Tourism Services

- o Among the commitments scheduled by the subject trading partners, those by Mexico and Canada appear most restrictive, and those by Japan appear least restrictive. However, Canada and Mexico's markets remain relatively unrestrictive for U.S. service providers in practice because these countries' commitments under the NAFTA are less restrictive than those under the GATS. In the EU schedule, individual member states have listed numerous restrictions regarding commercial presence.
- o Commitments scheduled by the subject trading partners serve the purposes of regulatory

transparency and benchmarking for the most important mode of supplying travel and tourism services, consumption abroad. However, regulatory transparency and benchmarking were achieved to a lesser extent with respect to the other predominant mode of delivery, which is sales through foreign-based affiliates.

Assessment of Schedules by Trading Partner

Japan

- o Japan appears to impose the fewest formal restrictions on foreign service providers. Japan's commitments regarding the temporary entry and stay of intra-corporate transferees and specialists are the least restrictive of any subject trading partner. In addition, Japan was the only subject trading partner that did not submit a list of MFN exemptions. However, discussions with industry representatives suggest that the national schedules did not address all Japanese barriers to trade in the subject service industries.
- o Japan's cross-industry commitments do not address investment, real estate acquisition, and taxation. The lack of commitments for investment may affect U.S. firms' ability to establish commercial presences in Japan, and may result in the continuation of recent U.S. deficits recorded in affiliate transactions with Japan.

European Union

- o Although EU-wide commitments generally appear to be among the least restrictive, measures imposed by individual member states appear to be among the most restrictive.
- o EU provisions for the temporary entry and stay of most natural persons are not transparent. Authority in this area remains with the 15 member states. Although EU member states' current regimes are relatively unrestrictive with respect to foreign entry and stay, relevant measures are not bound in the absence of commitments, and could therefore become more restrictive in the future. Some progress was made regarding the movement of professionals by the WTO Negotiating Group on the Movement of Natural Persons in July 1995.
- o The European Union lists 28 MFN exemptions. Certain MFN exemptions are unusually broad in scope. Eight apply to all service industries, and some pertaining to audiovisual services identify neither the discriminatory measures to be applied nor the conditions creating the need to impose MFN exemptions.

Canada

- o Although Canada-wide commitments generally do not appear to be restrictive, measures imposed by individual Provinces may significantly impede foreign provision of services in Canada.
- o Canadian provisions for the temporary entry and stay of natural persons are transparent and relatively unrestrictive.
- o Canada's commitments under the NAFTA are less restrictive than those under the GATS, partially offsetting the adverse effect of certain GATS measures on U.S. service exporters.

Mexico

- o Mexico's commitments are among the most restrictive of all those scheduled by the subject trading partners.
- o Mexico's provisions for the temporary entry and stay of natural persons are among the most restrictive of those offered by major trading partners.
- o As with Canada, Mexico's commitments under the NAFTA are less restrictive than those under the GATS, diminishing the adverse effect of certain restrictive measures on U.S. service exporters.

CHAPTER 1

Introduction

One of the significant achievements of the Uruguay Round of the multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT) was the conclusion of an agreement regarding international transactions in services. This agreement, entitled the General Agreement on Trade in Services (GATS), is the first multilateral, legally enforceable agreement covering trade and investment in service industries. Key components of the agreement are national schedules of commitments submitted by all member countries. These schedules specify restrictions on market access and national treatment¹ of foreign service providers, and serve as benchmarks² for future trade liberalization.

Purpose and Scope

At the request of the United States Trade Representative (USTR), the United States International Trade Commission (USITC) has examined the schedules of commitments submitted by the European Union (EU),³ Japan, Canada, and Mexico.⁴ These trading partners account for well over one-half of U.S. exports of services (see chapter 2).

¹ National treatment generally accords to foreign firms the same rights and obligations accorded to domestic firms.

² Benchmarks identify trade-impeding measures and, under the terms of the GATS, prevent these measures from becoming more onerous in the future.

³ The EU submission includes commitments made by the European Union as a whole and by 12 member states individually. The EU schedule also will ultimately incorporate the schedules of Austria, Finland, and Sweden, which formally acceded to the European Union on January 1, 1995. Analyses of the schedules for these countries have been included in this report.

⁴ A copy of the request letter, the letter stating the USTR's intent for the report to be a public document, and the Federal Register notice instituting the investigation, can be found in appendices A, B, and C, respectively.

The USTR asked that the Commission (1) examine the content of the foreign schedules of commitments, explaining the commitments in non-technical language, and (2) identify the potential benefits and limitations that major trading partners have conferred or imposed on foreign service providers, emphasizing the effect on U.S. firms. The USTR asked that the Commission focus on commitments pertaining to the following service industries of the European Union, Japan, Canada, and Mexico:⁵

- distribution services, defined as wholesaling, retailing, and franchising services;
- education services;
- communication services, defined as enhanced telecommunication services, courier services, and audiovisual services;
- health care services;
- professional services, defined as accounting, architectural, engineering, construction, advertising, and legal services;
- transportation services, defined as rail and trucking services; and
- travel and tourism services.

Additionally, as requested, the report examines commitments concerning the temporary entry and stay of natural persons⁶ in the specified industries.⁷

⁵ For a complete list of service industries over which negotiations were held, see the GATT Secretariat's *Services Sectoral Classification List (MTN.GNS/W/120)*.

⁶ A natural person is defined in the GATS as an individual functioning alone. By contrast, a juridical person is a legal entity duly constituted or otherwise organized under applicable law, such as a corporation, trust, partnership, joint venture, sole proprietorship, or association. See appendix D for a glossary of terms.

⁷ The USTR requested an examination of the commitments submitted as of April 1994 regarding the temporary entry and stay of natural persons. In
(continued...)

In the USTR's request letter, dated December 28, 1994, the USTR indicated the intention to direct further requests of this nature to the Commission. Future requests will cover additional industries and trading partners.

Overview of the General Agreement on Trade in Services

The GATS is the first multilateral, legally enforceable agreement to establish obligations and disciplines pertaining to international trade and investment in services.⁸ It is an integral part of the Agreement Establishing the World Trade Organization (WTO)⁹ that entered into force on January 1, 1995. Three elements constitute the text of the GATS: (1) a framework of rules for government regulation of trade and investment in services; (2) a set of national schedules wherein each country commits itself to apply the rules to specific industries, subject to defined exceptions; and (3) a series of annexes and ministerial decisions that augment rules found in the

⁷ (...continued)

the interest of addressing the commitments fully, this report incorporates information regarding revisions to such commitments stemming from the extended negotiations on the "Movement of Natural Persons" that ended on July 28, 1995.

⁸ Uruguay Round Agreements Act Statement of Administrative Action (SAA), published in H. Doc. 103-316, 103rd Cong., 2nd Session, 1994. The SAA, which describes significant administrative actions proposed to implement the Uruguay Round Agreements, was submitted to Congress on September 27, 1994, in compliance with section 1103 of the Omnibus Trade and Competitiveness Act of 1988, and accompanied the implementing bill for the Agreement Establishing the World Trade Organization and the agreements annexed to that Agreement (the Uruguay Round Agreements).

⁹ The Agreement provides for establishment of the World Trade Organization and sets forth the scope and functions of the WTO. The GATS and various other agreements negotiated during the Uruguay Round are set forth as annexes to the Agreement Establishing the World Trade Organization.

framework and provide for follow-up activities or additional negotiations (figure 1-1).

The GATS Framework

The framework calls on parties to observe 14 general obligations and disciplines that are conducive to international trade in services. Key among these obligations are most-favored-nation (MFN) treatment¹⁰ (article II) and regulatory transparency (article III).¹¹ Other important elements of the framework provide for international economic integration agreements such as the North American Free-Trade Agreement (article V); "reasonable, objective, and impartial" regulation (article VI); recognition of authorization, licensing, and certification standards and procedures (article VII); safeguards on monopolies (article VIII) and subsidies (article XV); and dispute settlement and enforcement (article XXII). These obligations are binding on all GATS signatories, although exceptions are permissible subject to agreed rules. Important institutional provisions require countries to afford other signatories consultations on any matter affecting the operation of the GATS. Such consultation is to follow newly created Dispute Settlement Understanding (DSU) procedures.¹²

Schedules of Commitments

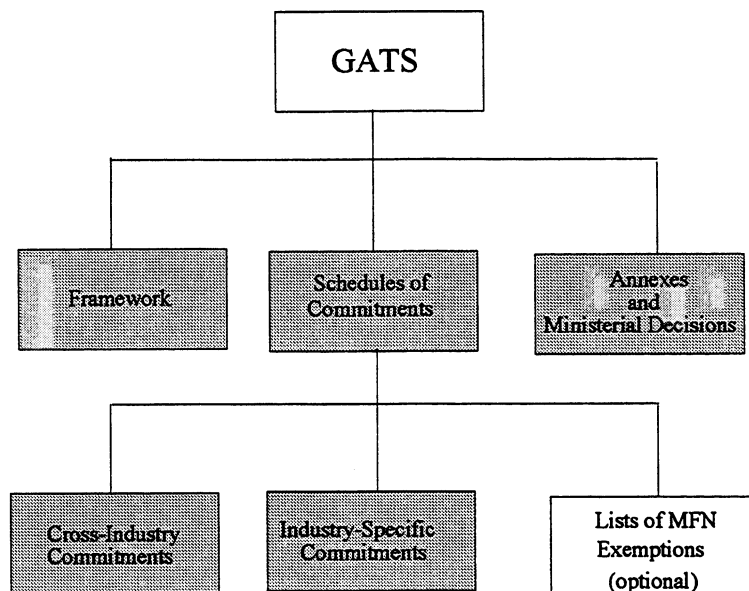
As noted earlier, national schedules of commitments define the limitations on market access and national treatment that countries may

¹⁰ Most-favored-nation status accords to one trading partner terms and conditions of trade that are no less favorable than those accorded to any other trading partner.

¹¹ Transparency exists when the nature and extent of all trade-impeding measures are explained in their entirety, with precision and clarity.

¹² See USTR, *Final Texts of the GATT Uruguay Round Agreements Including the Agreement Establishing the World Trade Organization* (Washington, DC: GPO, 1994), p. 353.

Figure 1-1
Components of the General Agreement on Trade in Services (GATS)



Source: Compiled by the staff of the U.S. International Trade Commission.

impose on foreign service providers.¹³ As such, they provide most of the detail of the final agreement. The schedules are bifurcated in structure. The first part specifies cross-industry commitments, which are broad conditions and restrictions applicable across all industries listed in the schedule.¹⁴ The second part outlines industry-specific commitments (figure 1-1).¹⁵

¹³ The obligation to develop national schedules is found in part IV, article XX of the GATS. See USTR, *Final Texts of the GATT Uruguay Round Agreements*, p. 299.

¹⁴ Cross-industry commitments are referred to as “horizontal” commitments in the GATS text.

¹⁵ In addition to the cross-industry and industry-specific commitments, countries were allowed to submit a list of exemptions to the MFN obligation outlined in article II of the GATS. In other words, certain trading partners could be accorded preferences over all other signatory countries. These “MFN exemptions” are optional. For more

(continued...)

The industry-specific section of the schedules consists of a matrix whereby each service industry¹⁶ is examined in relation to one or more possible delivery channels or “modes of supply.” There are four modes of supply:

- 1) cross-border supply, wherein a service provider mails, electronically transmits, or otherwise transports a service across a national border;

¹⁵ (...continued)
information, see the section in this chapter on “Annexes and Ministerial Decisions.”

¹⁶ In preparing national schedules, countries were requested to organize and define service industries as noted in the GATT Secretariat’s *Services Sectoral Classification List*, which draws on the United Nations’ *Provisional Central Product Classification (CPC) System*. Accordingly, national schedules frequently make explicit references to the CPC numbers.

2) consumption abroad, wherein a consumer, such as a tourist or student, travels across national borders to consume a service;

3) commercial presence, wherein a service supplier establishes a foreign-based corporation, joint venture, partnership, or other establishment, to supply services to foreign persons; and

4) presence of natural persons, wherein an individual, functioning alone or in the employ of a service provider, travels abroad to deliver a service.

For each mode of supply, countries may offer one of two types of commitments. A “full commitment” creates the most liberal trading environment and is indicated on the schedules by the word “none.” This indicates that there are no industry-specific market access or national treatment restrictions on any type of trade-related activity. A “partial commitment” is the second type of commitment identified in the schedules. Partial commitments communicate the nature of currently existing restrictions on market access or national treatment. These restrictions are “bound,” meaning that they cannot become more burdensome in the future. In the absence of a full or partial commitment, restrictions on market access and national treatment may be maintained, and additional restrictions may be imposed in the future. The absence of a commitment is indicated by the word “unbound” in the appropriate cell of the matrix.¹⁷

As noted, cross-industry commitments span all service industries listed in a signatory’s schedule.¹⁸ These commitments generally address

¹⁷ In certain instances, the term “unbound” coupled with an asterisk (i.e., Unbound*) is used to identify modes of supply that are “technically infeasible” in an industry. Cross-border supply of hair-dressing services, for example, is technically infeasible.

¹⁸ Although signatory countries were not obligated to schedule cross-industry commitments and no guidelines were established for scheduling such commitments, many countries provided cross-

(continued...)

investment, taxation, real estate transactions, government subsidies, and the temporary entry and stay of natural persons. Consequently, they almost always apply to commercial presence and the presence of natural persons. One of the principal complexities of the national schedules is that the industry-specific commitments cannot be understood fully without reference to the cross-industry commitments. For example, if an accounting firm wanted to establish a commercial presence in the European Union, it would need to consider both the industry-specific limitations found under “accounting,” as well as the cross-industry restrictions on investment.

Not all service industries addressed during negotiations appear in all schedules. The GATS maintained a “positive listing” approach that required countries to list in their national schedules only those industries in which they accord foreign service providers either market access or national treatment with respect to at least one mode of supply. Thus, if a signatory offered no market access or national treatment commitment for any mode of supply within an industry, then that industry does not appear in its national schedule and trade impediments remain unbound. As such, signatories may impose new or additional trade restrictions pertaining to this industry in the future. On the other hand, once a country has made a partial or full commitment to provide foreign firms with market access or national treatment in a specific service industry, then that industry is listed in that country’s national schedule.

Most commitments that were submitted by individual countries are, essentially, standstill agreements; i.e., a continuation of current policies with promises not to impose additional or new trade restrictions in the future.¹⁹ Although

¹⁸ (...continued)
industry commitments to avoid excessive repetition in the industry-specific section of the national schedules.

¹⁹ Negotiations on financial services and basic telecommunications are exceptions to this rule. Because financial services and telecommunications

(continued...)

standstill commitments do not liberalize trade, they can meet important objectives of the first round of GATS negotiations. Standstill commitments can establish benchmarks that identify trade impediments and impose limits on the restrictions specific to an industry. In addition, standstill commitments can enhance the transparency, or clarity, of existing restrictions by listing current regulations.

Annexes and Ministerial Decisions

Eight annexes are attached to the GATS and form an integral part of the agreement. For the purpose of this discussion, the Annex on Article II Exemptions, which provides for MFN exemptions, may be the most important.²⁰ This annex allows countries to attach a list of MFN exemptions²¹ to national schedules, although the annex stipulates that the duration of these exemptions may not exceed 10 years in principle, and must be reviewed within 5 years. About two-thirds of GATS signatories attached MFN exemptions to their schedules. All of the trading partners covered in this report listed some MFN exemptions except Japan. Signatories included MFN exemptions because of concerns regarding "free-ridership," particularly in the financial and basic telecommunications industries.²² Free-riders enjoy beneficial terms and conditions of trade in foreign markets, but do not accord similar benefits to individuals and foreign firms operating in their

¹⁹ (...continued)

affect so many sectors of the economy, countries sought actual liberalization of these service markets in this round of negotiations.

²⁰ See USTR, *Final Texts of the GATT Uruguay Round Agreements*, p. 305.

²¹ MFN exemptions list those countries that may be accorded preferential treatment in all or some service industries. For example, the EU schedule provides preferences to European countries for audiovisual services.

²² Bernard Hoekman, *Tentative First Steps: An Assessment of the Uruguay Round Agreement on Services*, paper presented at The Uruguay Round and the Developing Economies Conference of the World Bank, Washington, DC, Jan. 26-27, 1995, p. 6.

own markets. Other annexes and ministerial decisions define the scope of certain industries for the purposes of further negotiations, establish the modalities of ongoing and future negotiations, establish future work programs, and set timetables for concluding negotiations rolled over from the GATT.²³

Methodological Approach

The Commission conducted a public hearing on June 7, 1995, to collect information relevant to this investigation.²⁴ In addition, staff conducted extensive in-person and telephone interviews with, and made telefax inquiries of, domestic and foreign service providers, principal service industry associations, and U.S. and foreign authorities to obtain first-hand information about commitments regarding the selected service industries (appendix F). Published information on the GATS is limited.

With two exceptions, service industries identified in the request letter are discussed and analyzed separately. The nature of the distribution industry and the commitments regarding distribution services favored broad treatment of the industry, rather than discrete discussions of retailing, wholesaling, and franchising services. Similarly, the nature of commitments regarding land transportation services favored broad

²³ Negotiations on financial services, basic telecommunication services, and maritime transport services were not concluded during the Uruguay Round, but provisions were made for them to continue. Negotiations on financial services concluded in June 1995. With respect to these services, the United States registered a broad MFN exemption that preserves the right to differentiate among foreign financial service providers in terms of regulatory treatment. Acting on a reciprocal basis, U.S. regulations will specify countries whose firms may establish a presence in the U.S. market, expand current operations geographically, or provide new services. Ministerial decisions stipulate that negotiations regarding basic telecommunication services and maritime transport services are to conclude by April 1996 and June 1996, respectively.

²⁴ See appendix E for the calendar of witnesses.

treatment of the industry. Communication services and professional services, as defined in the request letter, are separated into their component industries for the purpose of analysis.

Each industry discussion begins by defining the scope of the services covered, and identifying the principal channels through which service providers deliver services to foreign consumers. To identify these channels, staff reviewed the best available statistical estimates of international service transactions, published by the Bureau of Economic Analysis of the U.S. Department of Commerce.²⁵ A brief presentation regarding the nature and extent of trade in the subject service industries is included in each discussion.

Thereafter, each discussion turns to an examination of the individual country schedules. An overview summarizes principal industry-specific commitments, cross-industry commitments, and MFN exemptions. The overview also references a summary table that simplifies the industry-specific commitments listed by each country in its national schedule.²⁶ Detailed discussions of the individual country schedules follow. These discussions focus on the net effect of industry-specific and cross-industry commitments, including those regarding the temporary entry and stay of natural persons.²⁷

²⁵ Among the member countries of the Organization for Economic Co-operation and Development (OECD), only the United States compiles data on sales of services through foreign affiliates. As discussed in chapter 2, this channel of delivery is a principal component of trade in services. See OECD, Statistics Directorate, *Services: Statistics on International Transactions*, 1993, p. 8.

²⁶ More detailed tables are found in the appendices.

²⁷ Cross-industry commitments apply to all industries in a signatory's schedule and must be referenced when discussing certain industry-specific commitments. It is important to note that cross-industry commitments do not apply to industries for which no industry-specific commitments were scheduled or where unbound limitations are specified. Repeated references to cross-industry commitments may result in some redundancy across chapters, but improve the discussion in terms of clarity and comprehensiveness.

Each discussion concludes with a summary that identifies the principal benefits conferred, and limitations imposed, on U.S. service exporters by the subject trading partners. The summary is qualitative, rather than quantitative in nature, drawing on staff analysis and input provided by U.S. industry representatives. In some cases, anecdotal information gathered from industry interviews has revealed impediments to trade that are not apparent from an examination of the schedules. In other cases, industry input has served to confirm the existence of trade restrictions found in the commitments.

In addition to the qualitative analysis of commitments discussed above, a quantitative overview of services trade data appears in chapter 2, and a quantitative summary of the commitments is found in chapter 10. Data for the quantitative summary are based directly on the schedules of commitments.²⁸

Obstacles Inherent in Examining the GATS

As noted, the GATS breaks new ground in terms of its coverage and comprehensiveness. As a consequence of the agreement's broad coverage and relative nascence, an examination of this nature encounters significant obstacles. The principal obstacle has been the sheer complexity of the agreement, which is largely a function of the complexity of the industries covered under the agreement, and the often technical nature of government regulation pertaining to certain service industries (e.g., telecommunication regulation). The difficulty of this task has been compounded further by the language found in the schedules, which provides for rapid technological and regulatory change and reflects signatories' desire for some latitude in implementing scheduled commitments. These factors combine to make precise interpretation of certain commitments very difficult.

²⁸ For a complete discussion of the methodology used in chapter 10, see the annex to that chapter.

In addition, the positive and adverse effects of the commitments scheduled by Austria, Finland, and Sweden could not be readily determined due to these countries' recent accession to the European Union. Accession requires that the commitments scheduled by Austria, Finland, and Sweden be incorporated into the EU schedule to form one harmonized document. Although the commitments made by the acceding countries generally resemble those in the EU schedule, certain discrepancies are not yet resolved.²⁹ In the absence of the final document containing commitments of all 15 member states, the individual schedules initially submitted by Austria, Finland, and Sweden have been examined in this report, and the anticipated changes resulting from their accession are addressed in the text based on interviews with EU officials.³⁰

²⁹ EU officials report that major differences in schedules occur in the maritime, legal, and audiovisual service industries. As of the writing of this report, these issues had not been resolved. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

³⁰ A committee at the WTO in Geneva will review the new schedule once it is completed to ensure that no country becomes more restrictive than it was in its initial submission. For more information, see Article V of the WTO agreement. EU officials in both Brussels and Geneva indicate that the accession will not result in any major changes in the EU schedule. EU Commission and WTO officials, interviews by USITC staff, Brussels and Geneva, July 19-22, 1995.

Finally, identifying the difference between *de facto* and *de jure*³¹ restrictions emerged as another obstacle in analyzing the GATS. In some cases, trading partners have listed restrictions based on obsolete laws that may not be enforced in practice.³² In this instance, a country may appear to be more restrictive than it actually is. Staff has attempted to identify such cases through interviews with industry representatives and government officials.

Organization of Study

Chapter 2 provides an overview of U.S. trade in services, both by industry and by major trading partner. Chapters 3 through 9 examine specific service industries in the manner detailed under the heading *Methodological Approach*, discussed earlier. Finally, chapter 10 summarizes the discussions found in chapters 3 through 9 to provide an overall perspective on the accomplishments of the Uruguay Round with respect to services. This chapter employs quantitative techniques to summarize the degree of restrictiveness and benchmarking found in the subject trading partners' schedules.

³¹ *De facto* restrictions are restrictions that are imposed in practice, whereas *de jure* restrictions are those that are recorded in national regulations, but may not be applied in practice.

³² EU Commission officials, interviews by USITC staff, Brussels, July 18-19, 1995.

CHAPTER 2

Overview of International Trade in Services

Introduction

This chapter provides a context for the industry-specific discussions that follow in chapters 3 through 9. The chapter illustrates the relationship between the “modes of supply” framework used in the General Agreement on Trade in Services (GATS), reviewed briefly in chapter 1, and the framework used by data collection agencies to report on U.S. trade in services.¹ Thereafter, the chapter provides an overview of U.S. trade in services and indicates the relative importance of the trading partners and industries examined in this report.

Modes of Supply

Trade data pertaining to services are reported under two broad headings: cross-border transactions and sales through affiliates located in foreign markets. Cross-border service transactions are explicitly delineated in the balance of payments. By contrast, transactions through affiliates are not. Instead, the income derived by the parent firm from sales by its foreign-based affiliates enters the balance of payments as investment income.² With respect to affiliate

transactions, this report covers only income from sales reported by majority-owned affiliates.³ Data regarding sales by affiliates in which U.S. persons hold only minority interests are not available on an industry-specific basis.

The GATS identifies four narrower channels, or “modes,” of supplying services to foreign consumers. Figure 2-1 shows the relationship of these four modes of supply to the balance of payments entries for cross-border and affiliate trade. As noted earlier, the modes of supply listed in the GATS comprise cross-border supply, consumption abroad, commercial presence, and presence of natural persons.

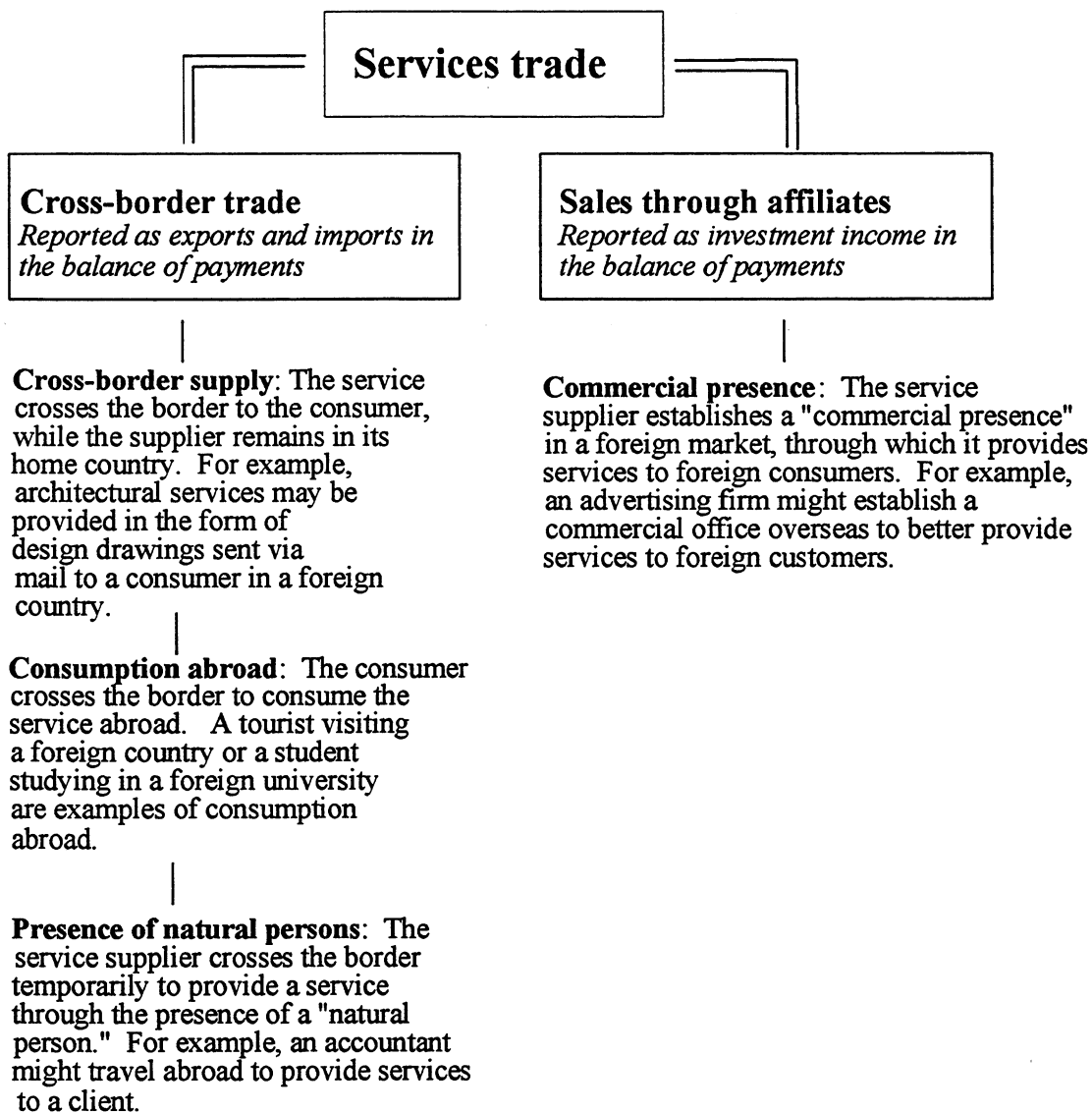
Cross-border trade encompasses three of the four GATS modes of supply: cross-border supply, consumption abroad, and the presence of natural persons. Services provided to foreign consumers via the GATS mode of cross-border supply, wherein U.S. firms mail, electronically transmit, or otherwise transport services across a national border, are captured by the entry for service exports in the U.S. balance of payments. So, too, are transactions completed through consumption abroad, wherein services like tourism or education are purchased outside the consumer’s home country. In other words, U.S. exports are recorded when foreign tourists or students enter the United States and spend money in pursuit of their relative interests. In addition, sales made by U.S. persons who have entered a foreign market temporarily, on behalf of themselves or their U.S.-based employer, instance, would occur if a U.S. attorney briefly

¹ This presentation is based substantively on official trade statistics prepared by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). The methodological difficulties inherent in collecting information on cross-border and affiliate trade in services are reflected in this presentation. Namely, trade data in the detail required for this report are available only through 1992 for affiliate transactions, and only through 1993 for cross-border transactions. In addition, the availability and comparability of information on certain industries vary according to the mode of delivery and year, reflecting the reporting obligations of service providers, the suppression of confidential data, and improvements in BEA’s estimation and reporting methodologies.

² The balance of payments records income from both majority-owned affiliates and non-majority-owned affiliates.

³ Majority-owned foreign affiliates of U.S. firms are defined as foreign affiliates for which the combined direct and indirect ownership interest of all U.S. parents exceeds 50 percent. Majority-owned U.S. affiliates of foreign firms are U.S.-based affiliates for which the combined direct and indirect ownership interest of all foreign parents exceeds 50 percent. For reporting purposes, the country in which the U.S.-based affiliate’s “ultimate beneficial holder” resides receives credit for sales to U.S. persons. An ultimate beneficial holder of a U.S. affiliate is the entity, proceeding up the affiliate’s ownership chain, that is not owned more than 50 percent by another person.

Figure 2-1
 Modes of supply for international delivery of services



Source: Compiled by the staff of the U.S. International Trade Commission.

traveled abroad to provide legal services to a foreign-based client, and then returned to the United States (presence of natural persons).

Sales through majority-owned affiliates are equated with the GATS' fourth mode of supply, commercial presence. Commercial presence, wherein an advertising agency, for example, establishes a foreign-based, majority-owned

affiliate to sell its services to other firms located in the foreign market, is captured by data regarding affiliate sales. The income returned to the U.S.-based advertising agency as a result of its foreign affiliate's sales enters the U.S. balance of payments as investment income.

Cross-Border Trade⁴

In 1992, the last year for which data are available for both cross-border and affiliate trade, cross-border transactions accounted for 48 percent of total U.S. service exports, and 42 percent of total U.S. service imports. U.S. cross-border exports of services consistently have exceeded imports, creating a large and generally growing surplus on the services trade account (figure 2-2). The surplus on cross-border trade in services increased from \$3.2 billion in 1986 to \$41.3 billion in 1993. As a result, trade in services has helped to reduce the deficit on the current account of the U.S. balance of payments (figure 2-3).⁵

Cross-Border Exports

Subject industries in this report accounted for approximately one-half of total U.S. cross-border service exports in 1993. U.S. cross-border service exports accounted for 24 percent of total U.S. exports of goods and services in 1993. Cross-border service exports grew by an average annual rate of 12 percent during 1986-93, increasing from \$63 billion in 1986 to \$141 billion in 1993 (figure 2-2). Increasing receipts from tourism and passenger fares generally have led growth in cross-border service exports in terms of value, reflecting an overall rise in the number of tourists visiting the United States.⁶ Other U.S. service industries that recorded strong export growth were

⁴ Trade figures referenced in this discussion exclude public sector and intra-corporate transactions (i.e., sales made by the parent to the affiliate, or vice versa). The only exception is the data pictured in figure 2-3, where an accurate comparison of the services trade balance to the merchandise trade balance required the inclusion of public sector and intra-corporate trade.

⁵ The current account is one component of the balance of payments. The current account reflects cross-border trade in merchandise and services, international flows of investment income, and unilateral transfers (e.g., U.S. Government grants).

⁶ This trend slowed somewhat in 1993 as recessions in foreign economies discouraged tourism in the United States.

the professional service industries, exports of which grew by an average annual rate of 24 percent, and the franchising service industry, exports of which grew by an average annual rate of over 20 percent. Figure 2-4 shows the composition of U.S. exports of cross-border services in 1993.

Cross-Border Imports

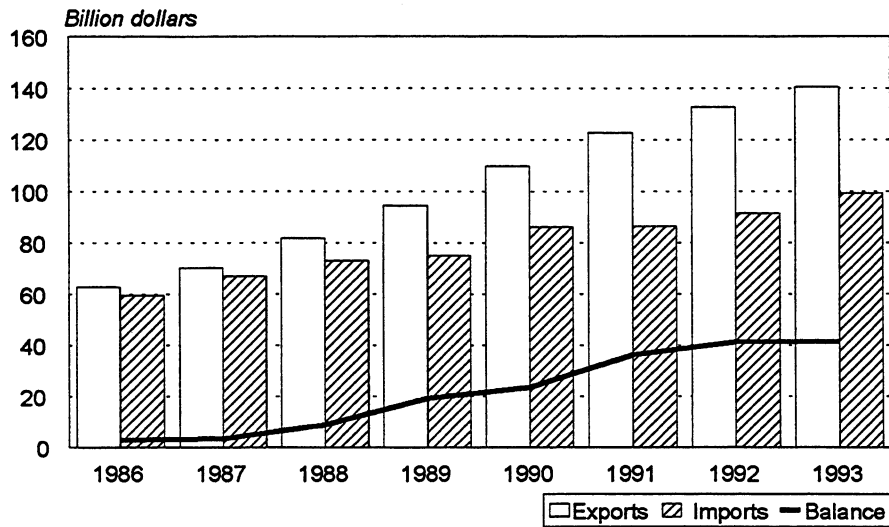
This report's subject industries accounted for roughly 45 percent of total cross-border service imports in 1993. Cross-border service imports accounted for 14 percent of total U.S. imports of goods and services in 1993. Service imports expanded by an average annual rate of 7 percent during 1986-93, increasing from \$60 billion in 1986 to \$99 billion in 1993 (figure 2-2). Payments for royalties and license fees, growing by 16 percent per annum, and payments for banking and investment services, growing by 18 percent per annum, led import growth. Imports of transportation services also increased, due in part to increasing payments to foreign shippers as an expanding U.S. economy drove up merchandise import volumes during 1992-93. Among this report's subject industries, imports of professional services grew most, principally because of rapidly increasing imports of advertising and legal services. Figure 2-4 shows the composition of U.S. cross-border service imports.

Sales by Majority-Owned Affiliates⁷

Many business, professional, and technical services are traded through affiliates, since these types of services generally require continuous contact between service providers and customers. In 1992, 52 percent of total U.S. service exports were accounted for by foreign affiliates of U.S. firms, and 58 percent of total U.S. service imports were accounted for by U.S.-based affiliates of

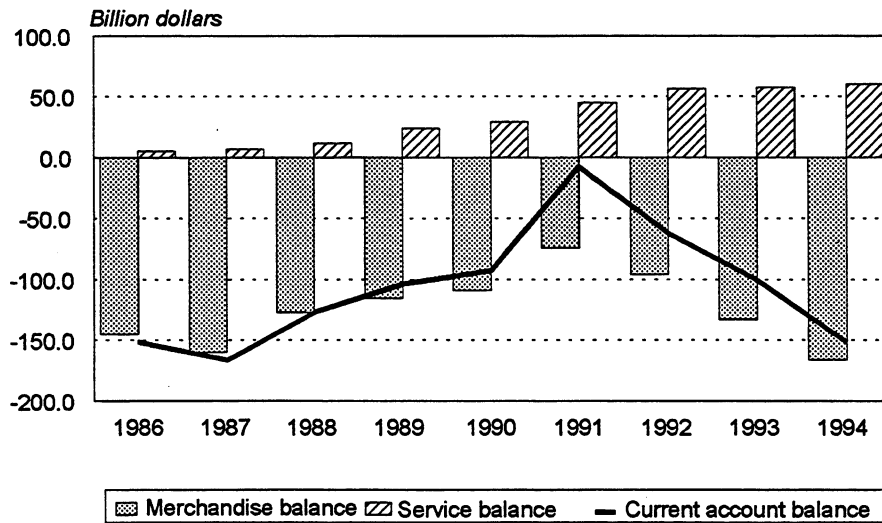
⁷ Trade figures referenced in this discussion exclude transactions between a foreign affiliate and its U.S. parent company, but include transactions among different affiliates of the parent. Data that exclude all intra-corporate trade are not publicly available.

Figure 2-2
 Cross-border service transactions: U.S. exports, imports, and trade balance, 1986-93¹



¹ Data on cross-border trade exclude public sector and intra-corporate transactions.
 Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

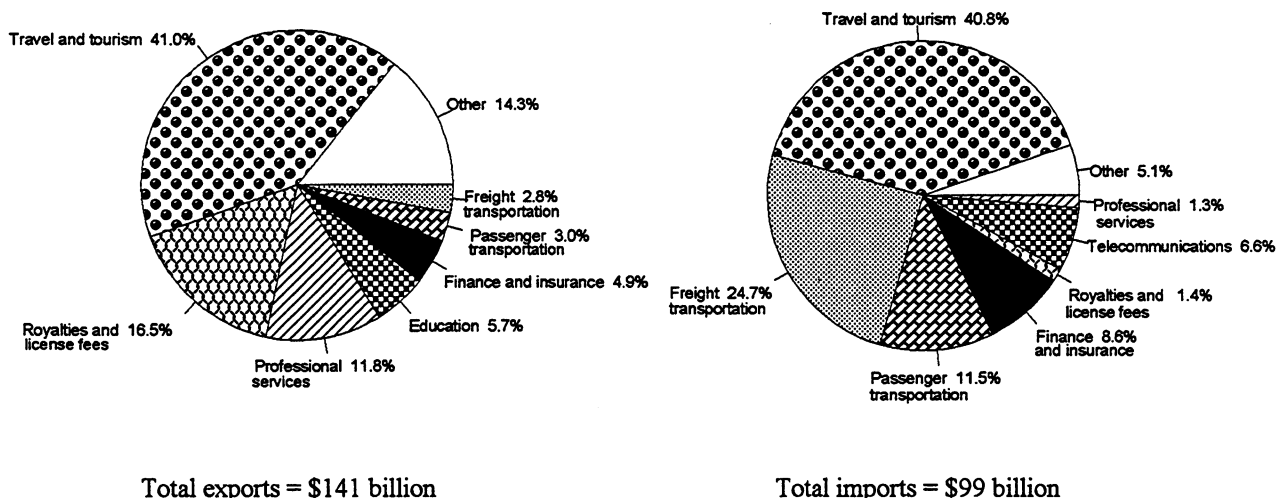
Figure 2-3
 U.S. merchandise, service, and current account balances, 1986-94¹



¹ The balance on trade in services reported on the current account includes public sector and intra-corporate trade. The current account balance reflects the sum of total net merchandise trade, net services trade, net unilateral transfers, and net investment income.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, June 1995.

Figure 2-4
U.S. cross-border service exports and imports, by industry, 1993¹



¹ Data on cross-border trade exclude public sector and intra-corporate trade.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

foreign firms. The U.S. balance on affiliate transactions registered a surplus during 1987-92, averaging almost \$11 billion (figure 2-5).⁸

Sales by U.S.-Owned Affiliates

During 1987-92, sales by U.S.-owned affiliates in foreign markets (exports) grew by an average annual rate of 15 percent, from \$72 billion in 1987 to nearly \$142 billion in 1992. Distribution service providers, such as wholesalers, and certain professional service firms, such as accounting firms, accounted for a large share of sales through U.S.-owned affiliates. In 1992, distribution service firms accounted for 13 percent of total affiliate receipts and professional service firms accounted for approximately 11 percent of the total (figure 2-6).

⁸ Comparable data for U.S. trade in services through affiliates are available only for the time period 1987-92.

Purchases from Foreign-Owned Affiliates

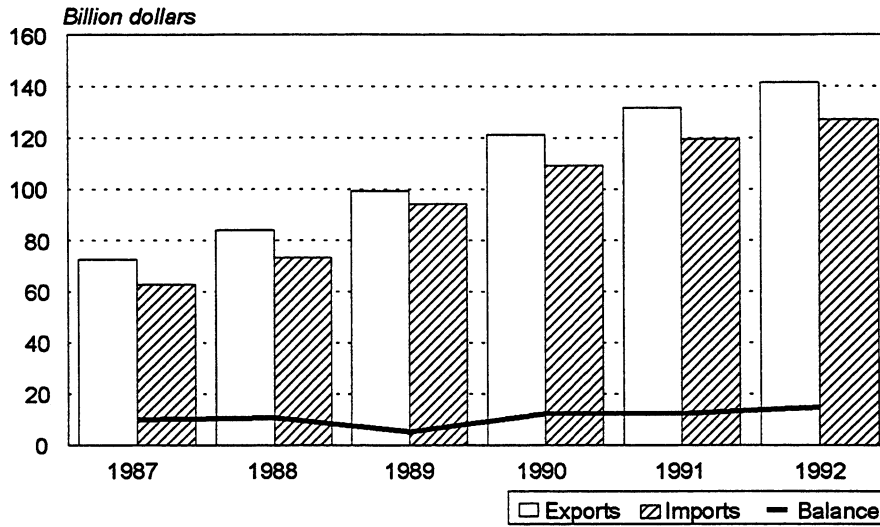
During 1987-92, sales to U.S. nationals by U.S.-based affiliates of foreign firms (imports) expanded by an average annual rate of 15 percent, from \$63 billion in 1987 to \$127 billion in 1992 (figure 2-5). Affiliates in the transportation and distribution industries had the largest shares of sales (7 percent each), followed closely by communication affiliates with 6 percent of total sales (figure 2-6).

U.S. Trade in Services with Subject Trading Partners⁹

The trading partners addressed in this report account for 58 percent of the volume of cross-border trade in 1993 and 76 percent of the volume

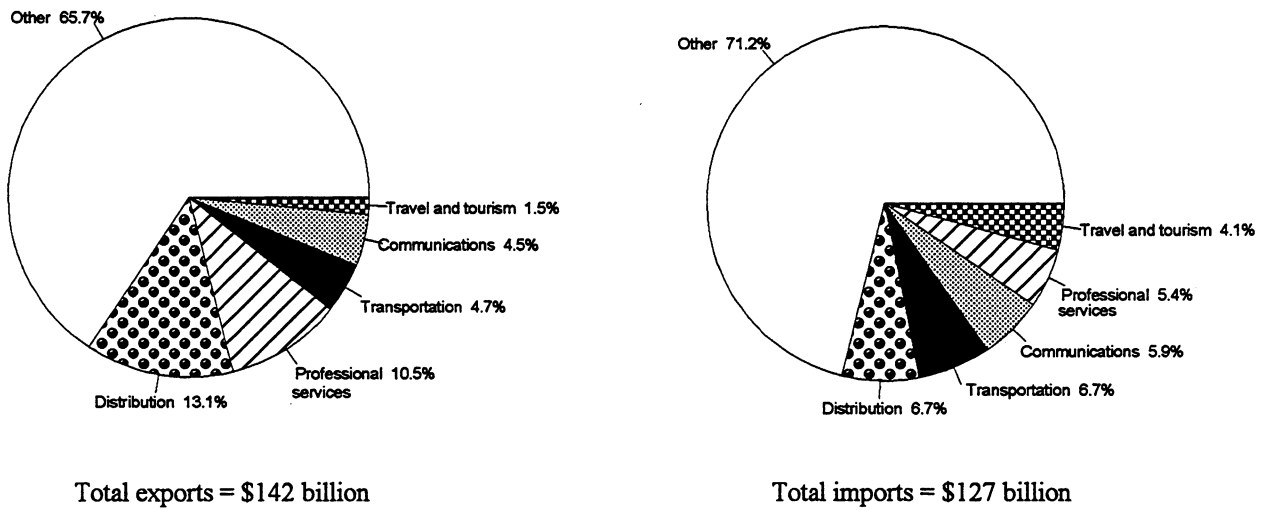
⁹ Trading partners covered in this report include the 15 member states of the European Union (EU), Japan, Canada, and Mexico.

Figure 2-5
 Affiliate transactions: U.S. exports, imports, and trade balance, 1987-92



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Figure 2-6
 Affiliate transactions: U.S. exports and imports, by industry, 1992¹



¹ Only the service industries covered in this report are delineated in the charts above.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

of affiliate trade in 1992.¹⁰ The discussion below indicates the relative importance of this report's subject trading partners with regard to U.S. cross-border and affiliate trade in services, respectively.

Cross-Border Trade

Cross-Border Exports

In 1993, the subject trading partners were responsible for 57 percent (\$80 billion) of U.S. cross-border exports (figure 2-7). The European Union (EU) was the largest market for U.S. service providers, accounting for 26 percent of the United States' cross-border exports.¹¹ Japan was the next largest market, primarily due to large exports of travel and tourism services. Overall, subject trading partners' combined share of cross-border exports increased by 4 percentage points during 1986-93, largely as a result of expanding sales to the EU market.

Cross-Border Trade Balance

While the United States has maintained consistent and large trade surpluses with Japan and Canada, it was only during 1991-93 that the cross-border account with the European Union shifted from deficit to surplus (figure 2-8). With Mexico, the United States generally maintains a relatively small trade deficit, primarily due to the high level of telecommunication traffic that originates in the United States and terminates in Mexico.¹² Overall, the trade balance with subject trading partners was in surplus during 1986-93.

Sales by Majority-Owned Affiliates

Sales by U.S.-Owned Affiliates

In 1992, the subject trading partners accounted for 75 percent (\$106 billion) of sales by U.S. firms' majority-owned foreign affiliates (figure 2-9). The largest trading partner was the European Union, which was responsible for 52 percent of affiliate sales, much of which was accounted for by professional services. Canada was the second largest U.S. market and accounted for 12 percent of affiliate sales. During 1989-92, Canada's share of total sales by U.S.-owned affiliates declined slightly, reflecting slow economic growth in that country. Meanwhile, the share of sales by majority-owned affiliates in the European Union increased by 4 percentage points, largely the result of increased sales of computer and data processing services in the region.

Affiliate Trade Balance

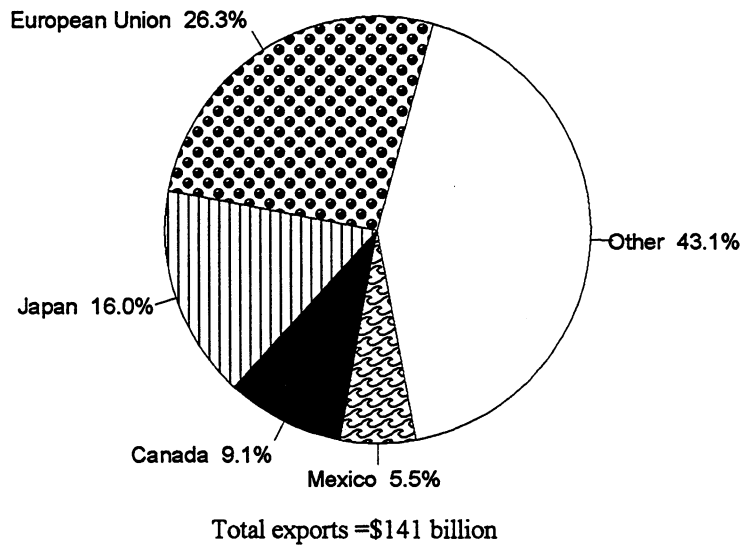
The United States maintained a surplus in affiliate trade with the subject trading partners during 1987-92 (figure 2-5). The large U.S. trade surplus with EU member states more than offsets the deficits that the United States ran with Japan and Canada (figure 2-10). The United States' recent deficit in affiliate trade with Japan reflects the large amount of direct investment undertaken by Japanese service providers in the United States in recent years.

¹⁰ The volume of trade is the sum of U.S. exports and imports of services.

¹¹ Within the European Union, the largest markets are the United Kingdom, Germany, and France.

¹² U.S. firms collect charges for such traffic, but share revenue with Mexican carriers based on bilateral agreements. Because payments are made to foreign firms, outbound calls appear as imports on the U.S. balance of payments. Mexico's high fees for telecommunication services, reflected in the bilateral agreements, make U.S. calls to Mexico a particularly expensive import.

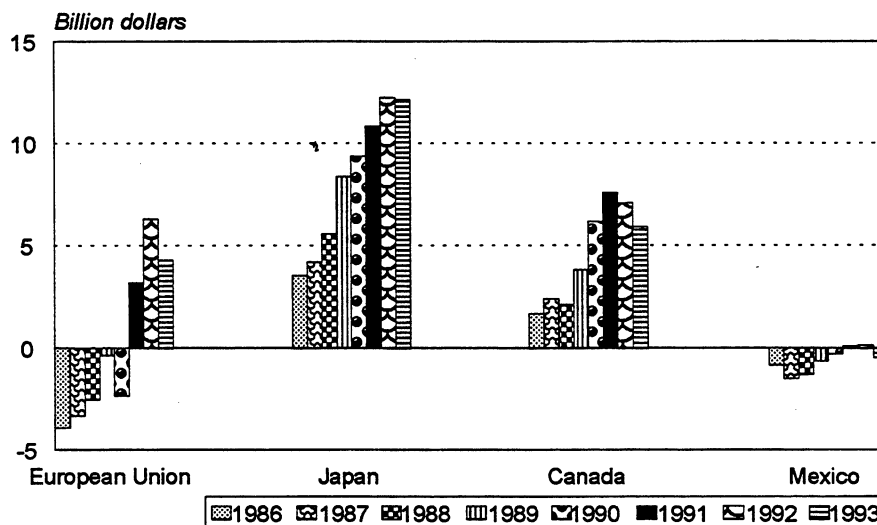
Figure 2-7
 U.S. cross-border service exports, by trading partner, 1993¹



¹ Data on cross-border trade exclude public sector and intra-corporate trade.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

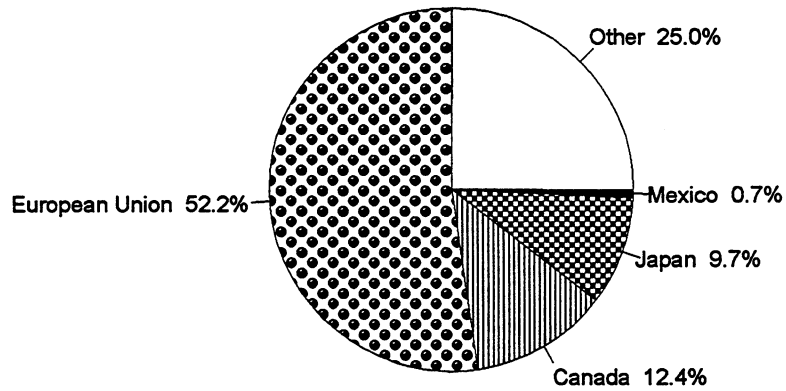
Figure 2-8
 U.S. cross-border service transactions: Trade balance with major trading partners, 1986-93¹



¹ Data on cross-border trade exclude public sector and intra-corporate trade.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

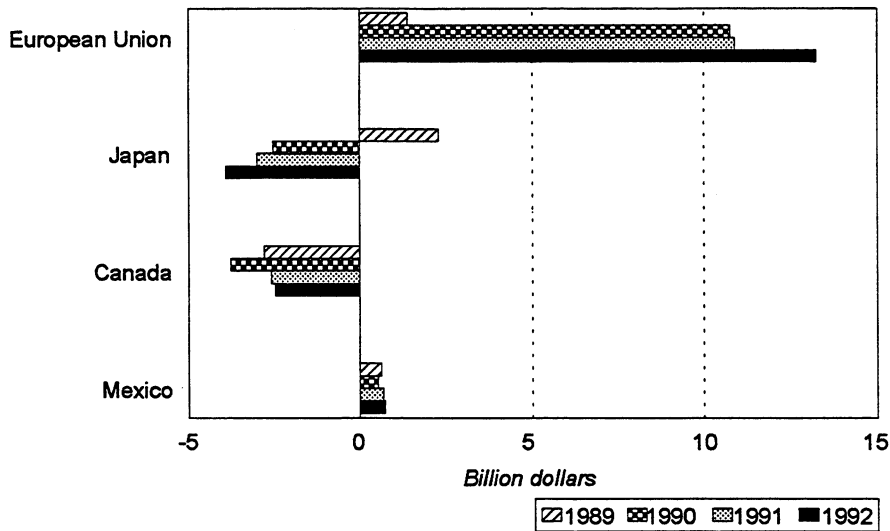
Figure 2-9
Affiliate transactions: U.S. exports, by trading partner, 1992



Total exports = \$142 billion

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Figure 2-10
Affiliate transactions: U.S. trade balances with major trading partners, 1989-92



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

CHAPTER 3

Distribution Services

Introduction¹

The distribution industry comprises four major services: commission agents' services, wholesale trade services, retail trade services, and franchising services.² Service providers generally are distinguished as follows: commission agents sell products that are supplied and typically owned by others to retailers, wholesalers, or other individuals; wholesalers take title to products supplied by others and subsequently resell them to retailers; retailers sell goods and services to individuals or households for consumption; and franchisors sell certain rights and privileges, such as the right to use a retail business format or a trademark, in exchange for fees and royalties.

Nature of International Trade in Distribution Services

Trade in distribution services occurs both through sales by affiliates and cross-border sales. The largest portion of distribution services trade

consists of wholesale and retail services, which are conducted predominantly through majority-owned, foreign-based affiliates. Franchising trade is recorded as the cross-border exchange of royalties and fees in return for purchasers' rights to use business formats or trademarks. Commission agents' services may take place on both a cross-border and affiliate basis. However, since commission agents typically are individuals or small businesses whose sales are difficult to capture in national data surveys, trade data on commission agents' services are unavailable.

Sales by Majority-Owned Affiliates

Wholesale trade services represent the largest component of distribution services as well as a significant portion of U.S. sales through foreign affiliates.³ Wholesale trade conducted by foreign affiliates of U.S. firms grew steadily during 1989-92 at an average annual rate of 6.7 percent. In 1992, U.S. wholesale exports reached \$17.6 billion (figure 3-1), which represented approximately 12 percent of all U.S. sales through majority-owned foreign affiliates.⁴ In the same year, imports of U.S. wholesale trade services amounted to \$7.5 billion, yielding a trade surplus of \$10.1 billion.⁵ The surplus in wholesale trade services represented 69 percent of the total U.S. surplus in affiliate trade in 1992.

The trading partners included in this study account for over 75 percent of total U.S. wholesale exports and over 90 percent of U.S. wholesale imports. France and the United Kingdom are the

¹ Among the individuals consulted by USITC staff in preparation of this report were those affiliated with the following organizations: Avon Products, Inc.; COWI International Group; Associated Merchandise Corp.; Wal-mart Stores; Brice Group; International Franchise Association; International Mass Retail Association; National Retail Federation; Arthur Andersen and Company; Brownstein, Zeidman and Lore; Sibley International; Footwear Distribution Retailers of America; and the Bureau of Economic Analysis (BEA), U.S. Department of Commerce (USDOC).

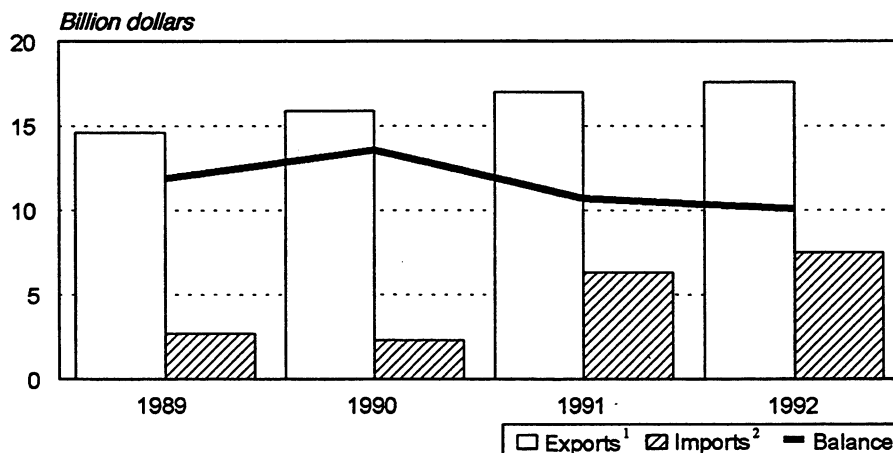
² Commission agents' services are not captured in the U.S. Standard Industrial Classification (SIC) codes. Wholesale trade services are captured in SIC codes 50 and 51, retail trade services are captured in SIC codes 52 through 59, and franchising services are captured in SIC code 6794. Foreign schedules of commitments refer to international central product classification (CPC) codes. A list of these codes can be found in appendix G.

³ Data on wholesale trade sales by affiliates include the value of the merchandise. As a result, the wholesale services total is overstated.

⁴ USDOC, BEA, *Survey of Current Business*, Sept. 1993, p. 120.

⁵ The average annual growth rate for wholesale imports cannot be calculated reliably because import data prior to 1992 did not include data for countries where such data would disclose the operations of individual companies.

Figure 3-1
Wholesale trade sales by majority-owned affiliates: Exports, imports, and trade balance, 1989-92



¹ Exports comprise sales to foreign persons by foreign-based, majority-owned affiliates of U.S. firms.

² Imports comprise sales to U.S. persons by U.S.-based affiliates of foreign firms. Import data prior to 1992 are understated because data are unavailable for countries where such information would disclose the operations of individual companies.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1992 and Sept. 1994.

largest export markets for U.S. wholesale services, accounting for approximately 11 percent and 9 percent of U.S. exports, respectively (figure 3-2). The rest of Europe accounts for approximately 48 percent of U.S. exports.⁶ Foreign suppliers of wholesale trade services to the United States are represented by fewer countries. Japan accounts for 61 percent of U.S. wholesale service imports, largely due to U.S. imports of motor vehicles and related equipment. U.S. imports from other countries are much less than those from Japan, with Germany contributing 17 percent and the United Kingdom accounting for 9 percent of U.S. imports of wholesale trade services.

Exports of retail trade services by foreign-based, majority-owned affiliates of U.S. firms have been increasing rapidly, but the sales volume is much smaller than sales of wholesale trade services.⁷ During 1989-92, U.S. retail trade

exports grew at an average annual rate of 23 percent, from \$386 million to \$722 million (figure 3-3), which represents 0.5 percent of U.S. majority-owned foreign affiliate sales. Over the same period, imports declined slightly from 1989-90 and increased thereafter. These trends have caused a decline in the trade deficit in retail trade services from almost \$400 million in 1989 to \$281 million in 1992.⁸ The U.S. deficit in retail trade services reflects significant foreign direct investment in the larger and highly-developed U.S. retail sector. Information on principal markets of retail exports is not available.

Cross-Border Transactions

Franchising is the only distribution service that is tracked on a cross-border basis. U.S. cross-border franchising exports, as measured by

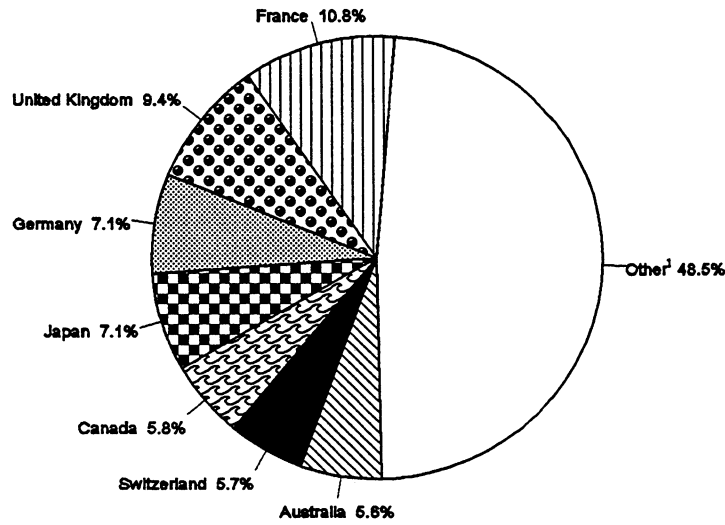
⁶ The countries of the European Union are estimated to account for most of those exports.

⁷ Data on retail trade sales by affiliates include the value of the merchandise. As a result, the retail services total is overstated.

⁸ USDOC, BEA, *Survey of Current Business*, Sept. 1992, pp. 129, 131; Sept. 1993, pp. 153, 155; and Sept. 1994, pp. 135-138.

Figure 3-2

Wholesale trade exports: Sales by majority-owned U.S. firms, by principal market, 1992



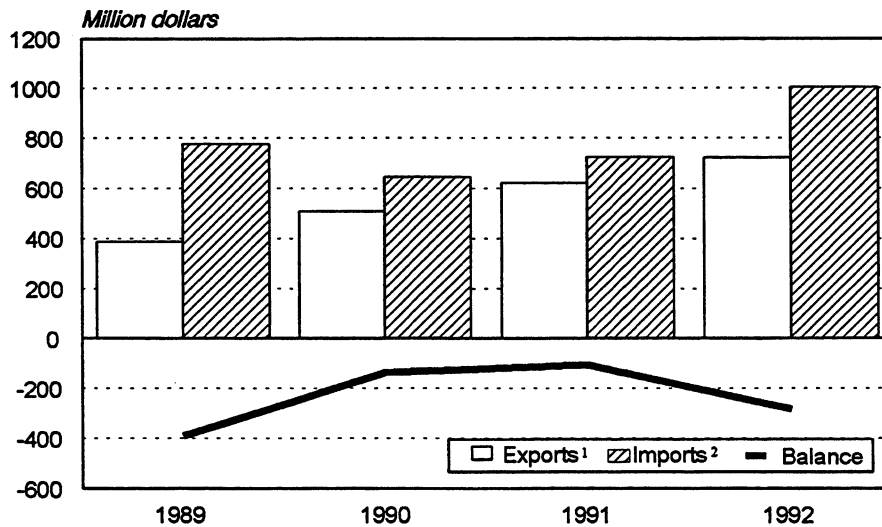
Total exports = \$17.6 billion

¹ Other countries in Europe constitute 34.8 percent of sales, while other non-European countries represent only 13.7 percent of sales.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Figure 3-3

Retail sales by majority-owned affiliates: Exports, imports, and trade balance, 1989-92



¹ Exports comprise sales to foreign persons by foreign-based, majority-owned affiliates of U.S. firms.

² Imports comprise sales to U.S. persons by U.S.-based, majority-owned affiliates of foreign firms. Import data for 1990 and 1992 are estimates generated by USITC staff.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1992 and Sept. 1994.

flows in royalties and license fees, grew substantially during 1989-93, growing by 18 percent per year, on average, to \$408 million in 1993 (figure 3-4). The countries included in this study account for 67 percent of total U.S. franchising exports. The major markets for franchising services are Germany, Canada, and Japan, accounting for approximately 14 percent, 13 percent, and 11 percent of cross-border franchise fees, respectively (figure 3-5). Imports of franchising services, through payments of royalties and fees, were only \$5 million in 1993, resulting in a trade surplus of \$403 million, which is 1 percent of the total cross-border surplus in services trade. France, Germany, and the United Kingdom accounted for most U.S. imports of franchising services, with each country registering \$1 million.⁹

Examination of Commitments on Distribution Services

Overview

The schedules of commitments address a number of nontariff trade barriers that affect trade in distribution services. These barriers generally limit the ability of distribution service firms to establish a commercial presence in a foreign country and to staff their establishments with nationals from their home country. Barriers to the remaining two modes of supply, cross-border supply and consumption abroad, are negligible. Among the four distribution services, wholesalers and retailers rely most heavily on the freedom to establish commercial presence in the form of a foreign affiliate. Consequently, commercial presence barriers adversely affect these distribution services more significantly than franchising and commission agents' services. Franchising and commission agents' services tend to be unaffected by commercial presence barriers because such establishments typically are owned by local residents and therefore are not considered

⁹ USDOC, BEA, *Survey of Current Business*, Sept. 1993, p. 129 and Sept. 1994, pp. 111-115.

to be foreign establishments. Table 3-1 shows which modes of supply are limited for each distribution service by each of the subject trading partners.

The primary commercial presence and natural person barriers to trade in distribution services include the application of economic needs tests,¹⁰ limitations on the purchase of real estate, restrictions on equity holdings, product or service exclusions due to state monopolies or national interest, nationality quotas, residence requirements, and limitations on the length of stay of foreign nationals. With the exception of real estate limitations, which appear only as cross-industry restrictions, trade barriers to distribution services may appear in the schedules as either cross-industry restrictions or industry-specific restrictions, depending upon how each country completed its schedule.¹¹

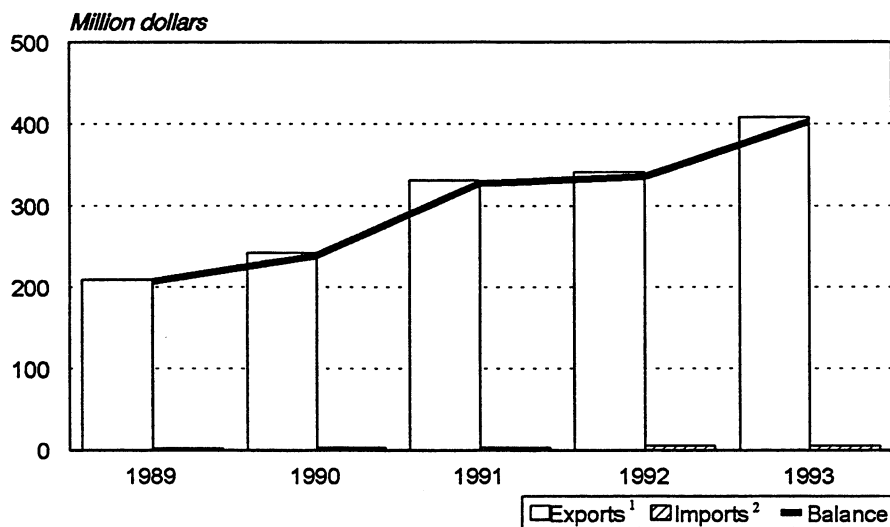
Limitations on the activities of distribution service firms have a variety of effects. For example, economic needs tests may be used to refuse market access to foreign retailers and wholesalers that seek to establish affiliates.¹² These tests are especially pernicious when the economic or cultural criteria upon which they are

¹⁰ Economic needs tests assess the impact of new market entrants on the indigenous industry. Such assessments may result in negative determinations if market entry is considered likely to have a detrimental effect on market structure, profitability, population density, geographic distribution, or job creation. However, thresholds for meeting these criteria are often subjective, and may be decided on a case-by-case basis.

¹¹ For detailed information on the cross-industry commitments, see appendix H. In addition, general exemptions to most-favored-nation treatment are listed in appendix I.

¹² Economic needs tests assess the impact of foreign firms' market entry on existing establishments, compliance with geographic spread, traffic conditions, and job creation. Needs tests also assess a wide range of rules and regulations primarily related to national zoning laws. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

Figure 3-4
Franchise fees: Cross-border exports, imports, and trade balance, 1989-93

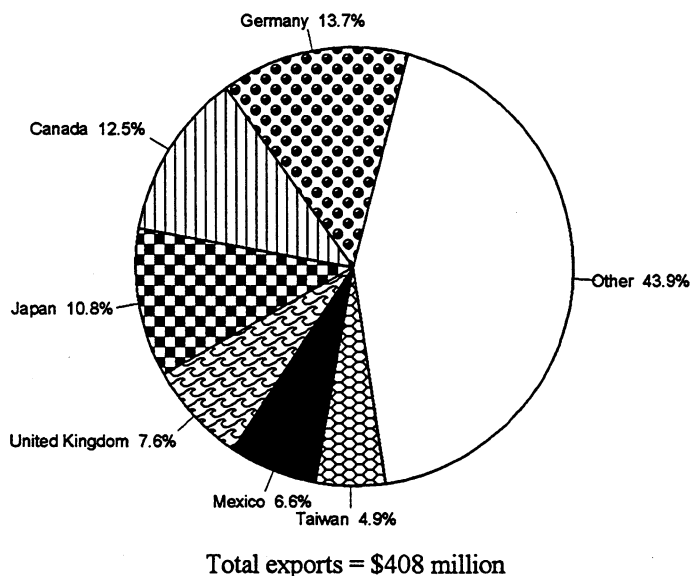


¹ Exports comprise receipts from foreign entities that have purchased rights to use trademarks or technology from U.S. franchisors, or management or logistical support services provided by U.S. franchisors

² Imports comprise payments to foreign entities in exchange for rights to use trademarks or technology from foreign franchisors, or payments for management or logistical support services provided by foreign franchisors.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Figure 3-5
Franchise fees: Cross-border exports by principal market, 1993



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Table 3-1
Highlights of commitments on distribution services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	COMMISSION AGENTS' SERVICES: • No limitations	COMMISSION AGENTS' SERVICES: • No limitations	COMMISSION AGENTS' SERVICES: • No limitations	COMMISSION AGENTS' SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	WHOLESALE TRADE SERVICES: • Limited access ³ • Discriminatory treatment ⁴	WHOLESALE TRADE SERVICES: • No limitations	WHOLESALE TRADE SERVICES: • Limited access ³	WHOLESALE TRADE SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	RETAIL TRADE SERVICES: • Limited access ³ • Discriminatory treatment ⁴	RETAIL TRADE SERVICES: • No limitations	RETAIL TRADE SERVICES: • Limited access ³	RETAIL TRADE SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	FRANCHISING SERVICES: • Limited access ³	FRANCHISING SERVICES: • No limitations	FRANCHISING SERVICES: • Limited access ³	FRANCHISING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
European Union ⁵	COMMISSION AGENTS' SERVICES: • Limited access ³ • Discriminatory treatment ⁴	COMMISSION AGENTS' SERVICES: • No limitations	COMMISSION AGENTS' SERVICES: • No limitations	COMMISSION AGENTS' SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	WHOLESALE TRADE SERVICES: • Limited access ³	WHOLESALE TRADE SERVICES: • No limitations	WHOLESALE TRADE SERVICES: • Limited access ³	WHOLESALE TRADE SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	RETAIL TRADE SERVICES: • Limited access ³ • Discriminatory treatment ⁴	RETAIL TRADE SERVICES: • No limitations	RETAIL TRADE SERVICES: • Limited access ³	RETAIL TRADE SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	FRANCHISING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	FRANCHISING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	FRANCHISING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	FRANCHISING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Japan	ALL DISTRIBUTION SERVICES: • No limitations	ALL DISTRIBUTION SERVICES: • No limitations	ALL DISTRIBUTION SERVICES: • Discriminatory treatment ⁴	ALL DISTRIBUTION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Mexico	COMMISSION AGENTS' SERVICES: • Limited access ³ • Discriminatory treatment ⁴	COMMISSION AGENTS' SERVICES: • Limited access ³ • Discriminatory treatment ⁴	COMMISSION AGENTS' SERVICES: • Limited access ³ • Discriminatory treatment ⁴	COMMISSION AGENTS' SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	WHOLESALE TRADE SERVICES: • No limitations	WHOLESALE TRADE SERVICES: • No limitations	WHOLESALE TRADE SERVICES: • Limited access ³	WHOLESALE TRADE SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	RETAIL TRADE SERVICES: • No limitations	RETAIL TRADE SERVICES: • No limitations	RETAIL TRADE SERVICES: • Limited access ³	RETAIL TRADE SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	FRANCHISING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	FRANCHISING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	FRANCHISING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	FRANCHISING SERVICES: • Limited access ³ • Discriminatory treatment ⁴

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Limited access indicates the presence of market access limitations.

⁴ Discriminatory treatment indicates the presence of national treatment limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

based are not transparent or consistent.¹³ Restrictions on real estate and equity investment may limit the ability of foreign distribution service firms to retain control over their foreign affiliates. State monopolies on the distribution of selected products and exclusion from product or service areas that are considered to be of national interest may adversely affect distribution service firms by limiting product mix. Finally, restrictions on the temporary entry and stay of natural persons, such as nationality quotas, residence requirements for boards of directors, and limits on the length of time foreign persons may reside in the country, may restrict the ability of distribution firms to select and manage staff.¹⁴

Subject Trading Partner Commitments on Distribution Services

A number of countries exclude selected products from their schedules of commitments for some or all distribution services either on a cross-industry or an industry-specific basis. Generally, these excluded products are firearms, tobacco, and alcohol, although some countries also exclude food, petroleum, pharmaceutical, and even audiovisual products. While some of these products, such as firearms, have been excluded due to their sensitive nature, their exclusion means that current limitations on the distribution of these products remain unstated and may become more stringent in the future. The products excluded from the national schedules of subject countries are presented in table 3-2.

Aside from product exclusions, commitments on distribution services generally represent a declaration of existing restrictions on specific distribution activities. Several countries in the European Union (EU) condition permission for retail department stores to establish a commercial presence on the results of economic needs tests. These countries are Belgium, Denmark, Germany, France, Portugal, and Sweden. France also has

¹³ Industry representative, telephone interview by USITC staff, Feb. 2, 1995.

¹⁴ A more descriptive table of limitations is presented in appendix J.

reserved the right to apply needs tests prior to permitting market access to pharmaceutical wholesalers.

The European Union also applies nationality and residency requirements to specific activities within distribution services. France reserves the provision of commission agents' services and wholesale pharmaceutical services for French nationals exclusively.¹⁵ Along similar lines, Italy, Portugal, and Spain require residency to provide wholesale trade or commission agents' services.

In some cases, the schedules appear to contradict the views of industry representatives. The European Union's schedule does not list any limitations on commission agents' services, but commission agents' representatives claim that they have encountered certain difficulties related to the treatment of agency agreements in some EU member states. Commission agents' representatives report that countries such as France attempt to apply labor laws to the agency agreement by claiming that agents are employees and that the parent organization must pay withholding and social security taxes. Such practices impede the market access of a distribution service that operates through commissioned agents.¹⁶

The European Union's schedule also contains cross-industry limitations on investment and commercial presence that may affect all distribution services. France, Italy, and Finland restrict the amount of corporate equity that may be held by foreigners. Similarly, Denmark, Finland, Germany, Greece, Ireland, and Italy apply some restrictions to the acquisition of real estate by foreign entities or individuals. Commercial presence may be subject to needs tests or require

¹⁵ France has a centralized system of wholesaling pharmaceuticals. The government controls distribution and prices. Industry analyst, interview by USITC staff, Paris, July 21, 1995. This industry is further covered in France's health care commitments. For more information on this, see chapter 6, Health Care Services, and appendix O, the table of industry-specific limitations to health care services.

¹⁶ Industry representative, telephone interview by USITC staff, Feb. 29, 1995.

Table 3-2

Products excluded from commitments on distribution services, by country

Distribution Service	Country	Products Excluded or Unbound
All Distribution Services	Austria	Firearms, explosives, military equipment, tobacco, pharmaceuticals, medical and surgical equipment and supplies, and toxic substances.
	Finland	Firearms, alcoholic beverages, and pharmaceutical products.
	Japan	Petroleum services and products, rice, tobacco, salt, alcoholic beverages, and fresh food traded at public wholesale markets.
	Sweden	Firearms.
Commission Agents' Services	Canada	Food, beverages, pharmaceuticals, and medical goods.
Wholesale Trade Services	Canada	Agriculture and live animals, fishery products, alcohol, records, tapes, publications, pharmaceuticals, and medical goods.
	France	Pharmaceuticals if through cross-border supply; tobacco and matches (state monopoly).
	Italy	Tobacco (state monopoly).
	Portugal	Tobacco (state monopoly).
	Spain	Tobacco (state monopoly).
	Mexico	Petroleum-based fuels, coal, and firearms.
Retail Trade Services	Canada	Alcoholic beverages, records, tapes, publications, pharmaceuticals, and medical goods.
	Ireland	Alcoholic beverages.
	France	Tobacco (state monopoly).
	Germany	Tobacco (state monopoly).
	Spain	Tobacco (state monopoly).
	Mexico	Non-petroleum-based fuels, paraffin, gasoline, diesel fuel, firearms, and ammunition.
	Sweden	Alcoholic beverages and pharmaceutical products.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), Apr. 1994; GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994.

authorization in Austria, Finland,¹⁷ Portugal, and Spain. The subsidiary form of establishment is favored throughout the European Union, which means that branches or representative offices of foreign firms may receive less favorable treatment

¹⁷ Finland's restrictions are intended to maintain the unique culture of the Aland Islands. The commitments are not intended to exclude foreign service providers. Finnish official, interview by USITC staff, Geneva, July 24, 1995.

than subsidiaries of foreign firms with respect to taxation or licensing, for example. In addition, managing directors of affiliate corporations are subject to nationality quotas or requirements in Finland and France.

Japan's schedule does not include any industry-specific limitations to market access or national treatment, nor does it present any exemptions to MFN treatment. However, industry representatives maintain that unwritten barriers adversely impact retail and wholesale distribution

services. For example, retail industry representatives note that business relationships between manufacturers and retailers effectively result in vertical price restraints, whereby the manufacturer sets the retail prices at levels that reduce retail profit margins and make it more difficult for foreign retailers to recoup the expense of entering the Japanese market.¹⁸ The Office of the United States Trade Representative (USTR) currently is conducting an investigation filed under Section 301 of the Trade Act of 1974 based on a petition that relates to distribution of photographic film and paper.¹⁹ The petition alleges that Japan's business practices adversely affect the distribution and sales in Japan of U.S. products.²⁰ According to the May 1995 petition filed by Eastman Kodak Co., the Japanese film distribution system, which reportedly is dominated by Fuji Film, engages in practices that are inconsistent with Japan's Antimonopoly Law. Alleged practices include resale price maintenance, vertical non-price restraints such as exclusionary dealing arrangements, progressive²¹ and discriminatory rebates, and group boycotts. While these practices may constitute barriers to U.S. exports of film, the barriers described also may have a similar exclusionary effect on U.S. distribution firms. This may have contributed to

¹⁸ Industry representative, telephone interview by USITC staff, Feb. 1, 1995.

¹⁹ USTR, "Kantor Initiates Investigation of Japanese Market Barriers for Consumer Photographic Film and Paper," press release, July 3, 1995.

²⁰ John Maggs, "Kodak Complaint Targets Japanese Photo Film Makers," *The Journal of Commerce*, Knight-Ridder/Tribune Business News received by News EDGE/LAN, May 19, 1995.

²¹ With progressive rebates, the rebate percentage increases as sales volume increases, which has the effect of discouraging the sales of competing products. Dewey Ballantine for Eastman Kodak Company, "Privatizing Protection: Japanese Market Barriers in Consumer Photographic Film and Consumer Photographic Paper memorandum in support of petition filed pursuant to Section 301 of the Trade Act of 1974, as amended" (Washington, DC: May 1995), pp. 25-26.

the weak performance of U.S. retailers and wholesalers in Japan.²²

Mexico's schedule presents some cross-industry limitations on investment and real estate acquisitions that may adversely affect U.S. distributors.²³ In addition, Mexico's schedule does not address commission agents' services and franchising services, which means that, with respect to these services, Mexico may maintain or impose measures inconsistent with market access and national treatment for all modes of supply.²⁴ While few other limitations are specified in Mexico's schedule, U.S. industry representatives allege that Mexico's customs requirements and commercial regulations have been used in such a way as to create nontariff barriers and thereby impede the flow of goods from the United States into Mexico.²⁵ For example, Mexico has applied a stringent certificate of origin requirement on textiles and footwear that effectively prevents U.S. retailers from using any U.S. warehouse inventory. Product labels must include the name of the importer of record and sometimes the exporter as well, which requires special handling for each item. Current requirements include providing the sugar content for each food item, the tensile strength of every piece of fabric, and special tax permits for items such as diapers. In addition, tariff rates and customs requirements have changed frequently with little or no notice. According to industry sources, these factors have a particularly adverse effect on U.S. retailers that

²² In 1992, there were no retail sales recorded by majority-owned affiliates of U.S. companies in Japan. USDOC, BEA, *Survey of Current Business*, Sept. 1993, p. 136.

²³ While Mexico includes similar measures under the North American Free-Trade Agreement (NAFTA), NAFTA limitations are less onerous and, in some cases, include scheduled phase-outs.

²⁴ The NAFTA does not list any limitations on commission agents' or franchising services, which means that these services are not restricted for NAFTA members. Consequently, U.S. firms enjoy more favorable market access and national treatment conditions than non-NAFTA members of the GATS.

²⁵ Industry representative, telephone interview by USITC staff, Feb. 28, 1995.

offer thousands of products that are sourced from a large number of U.S. producers and distributed from central warehouses because they force repeated special handling for each product.²⁶

Canada's schedule features a number of significant cross-industry limitations. Canada lists several land purchase restrictions and indicates that needs tests may be applied to large corporate acquisitions, and that managing directors of federally incorporated firms may be subject to a nationality quota.²⁷ Canada's schedule also notes that some Provinces require a commercial presence for the wholesale of amusement machines, motor vehicles, and salvage equipment. In addition, Canada's Province of Prince Edward Island may subject petroleum retailers to needs tests. Canada is the only subject country that lists an additional, although minor, requirement for franchising, which stipulates that franchisors must have a designated agent in Canada for the service of legal documents.²⁸

All subject countries scheduled limitations on the entry and stay of natural persons as unbound except for the entry and limited stay of certain specialists, professionals, senior managers, or persons with "advanced" knowledge. All

countries maintain unbound limitations with regard to other types of visitors.

Industry Opinion

Distribution service providers generally indicate that they are pleased with the results of the Uruguay Round. Reductions in tariff levels are expected to increase sales volume and profitability for all distribution services,²⁹ and improvements in intellectual property protection will benefit retailers and franchisors that rely heavily on trademarks or brand names. They also regard the inclusion of distribution services in the General Agreement on Trade in Services (GATS) as representing a step forward by clarifying existing barriers and providing a forum for future liberalization. Nevertheless, distribution service organizations believe that considerable work remains to be done. In particular, industry representatives point to nontransparent barriers created through commercial regulation and exclusionary practices in both Mexico and Japan, and needs testing, nationality, and residency requirements in the European Union.³⁰

Summary

While the schedules of commitments for the subject countries present a number of limitations, they generally permit market access and national treatment for U.S. distribution service firms that establish a commercial presence. Limitations regarding the temporary entry and stay of foreign nationals adversely affect distribution service firms by placing some restraints on staffing and management. However, these limitations do not appear to be so severe as to preclude establishment or operations.

²⁶ Industry representative, telephone interview by USITC staff, and written response to interview questions, Mar. 3, 1995. While NAFTA is intended to reduce and eliminate such obstacles, U.S. industry representatives report that these problems have arisen or become more onerous since the passage of the NAFTA. They allege that these measures, which are applied at the local level, represent a deliberate intent to restrict the flow of U.S. goods into Mexico. Eventually, the NAFTA framework and dispute settlement mechanism could reduce the impact of such measures, but in the short term, these measures present a substantial impediment to the operations of U.S. distribution service firms in Mexico.

²⁷ While Canada includes similar measures under the NAFTA, NAFTA limitations are less onerous and, in some cases, include scheduled phase-outs.

²⁸ None of these limitations applies under the NAFTA, which results in more favorable market access and national treatment conditions for U.S. and Mexican distribution service firms.

²⁹ In contrast to most services discussed in this report, distribution services have a very close relationship with trade in goods due to their primary functions of sourcing, transporting, and merchandising goods.

³⁰ Industry representatives, interview by USITC staff, Washington, DC, Feb. 22, 1995; and telephone interviews by USITC staff, Feb. 1 and Feb. 28, 1995.

An examination of the schedules of commitments suggests that the European Union and Mexico are the most restrictive regions for distribution services and Japan is the least restrictive. However, as discussed above, industry representatives indicate that they perceive Mexico and Japan as the most restrictive subject countries and Canada as the least restrictive. Barriers to distribution services in Japan and Mexico are of significant concern because both markets are large and strategically important for expansion into Asian and Latin American markets.³¹

³¹ Ibid.

All subject countries made provisions in their cross-industry commitments for the temporary entry and stay of certain personnel. Intra-corporate transferees, namely managers, executives, and specialists, are allowed stays of 1-5 years, while each country allows business visitors to stay 90 days.

The commitments scheduled by major trading partners do not fully serve the purpose of transparency and benchmarking. As noted previously, a number of difficulties remain in the form of variable commercial regulations or unwritten business practices that can be used to impede the activities of foreign distribution service firms.

CHAPTER 4

Education Services

Introduction¹

For the purpose of this study, education services principally include formal academic instruction in primary, secondary, and higher education institutions, the latter of which comprise colleges and universities. Education services also include instruction in correspondence schools, vocational schools, language schools, special education schools, and libraries.²

Nature of International Trade in Education Services

There are two types of trade in education services. The predominant form of trade consists of study abroad by college and university students. Such study accounts for approximately 90 percent of trade in education services.³ The second type of trade includes the relatively few instances wherein U.S. institutions provide courses overseas and teach language skills in intensive English Language programs.⁴ Foreign students attend U.S. institutions because the United States has a very flexible and high-quality system of collegiate education. By comparison, U.S. students

generally attend study-abroad programs to broaden their cultural experience. U.S. students generally undertake study abroad at the foreign affiliates⁵ of their respective colleges and universities.

Exchanges of college and university students are recorded as cross-border trade in education services. Other trade in education services is not reported in a comprehensive source. U.S. exports include the estimated expenditures for tuition and living expenses by foreign residents enrolled in U.S. colleges and universities.⁶ Education imports consist of estimated tuition and living expenses of U.S. residents who study abroad.⁷

The United States exports more education services than any other country.⁸ In 1993, U.S. exports of education services totaled \$6.8 billion, or approximately 4 percent of total cross-border exports of private services.⁹ The trading partners included in this report account for approximately 26 percent of total U.S. exports of education services.¹⁰ During the 1992-93 school year, Asia was the largest export market for U.S. education services. Approximately 10 percent of foreign students came to the United States from China; 9 percent from Japan; 8 percent each from Taiwan and India; and 6 percent from South Korea¹¹ (figure 4-1). Other major export markets for U.S.

¹ Among the individuals consulted by USITC staff in preparation of this report were those affiliated with the following organizations: Teachers of English to Speakers of Other Languages (TESOL); Institute of International Education (IIE); World Education Services; U.S. Department of Education; Association of International Educators; American Council on Education; American Language Academy; American Cultural Exchange; Temple University Japan; and the Bureau of Economic Analysis (BEA), U.S. Department of Commerce (USDOC).

² Education services are captured under the U.S. Standard Industrial Classification code 82.

³ USITC staff estimate.

⁴ USITC staff estimates conclude that foreign students enrolled in courses overseas account for 1 or 2 percent of education services trade, whereas English Language students account for 8 or 9 percent.

⁵ Foreign affiliates are defined as formal study abroad programs established between U.S. institutions and foreign institutions of higher education.

⁶ Foreign residents do not include U.S. citizens, immigrants, or refugees.

⁷ U.S. residents must receive credit from accredited U.S. institutions to be included in trade data; those who do not receive academic credit, or who study on a casual basis, are not included.

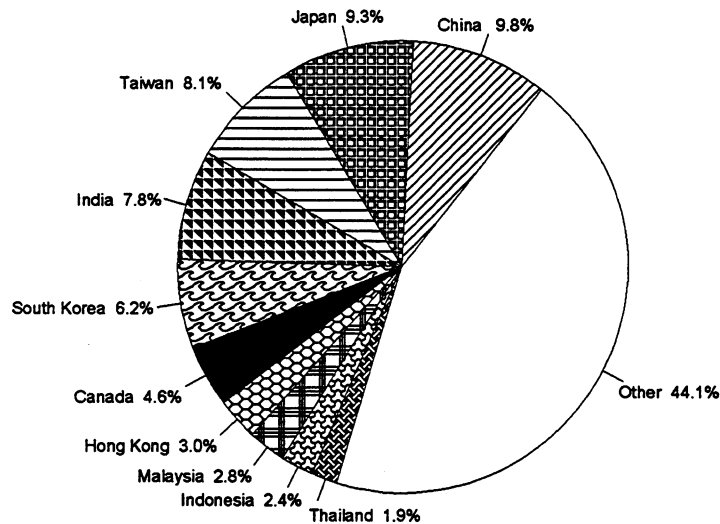
⁸ IIE, *Open Doors 1992/1993, Report on International Education Exchange* (New York: IIE, 1993), p. 1.

⁹ USDOC, BEA, *Survey of Current Business*, Sept. 1994, p. 136.

¹⁰ USITC staff estimates.

¹¹ IIE, *Open Doors 1992/1993*, p. 23.

Figure 4-1
Education services: Cross-border exports by principal market, 1993



Total exports = \$6.8 billion

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

education services include Canada, Hong Kong, Malaysia, Indonesia, and Thailand.¹²

In 1993, the U.S. trade surplus in education services was \$6 billion, accounting for approximately 10 percent of the total services trade surplus.¹³ The trade surplus in education services, which measured \$4 billion in 1989, has grown steadily, reflecting average annual export growth of 10.5 percent, and average annual import growth of 6.9 percent during 1989-93 (figure 4-2). Study abroad by college and university students tends to increase with global economic integration.

Examination of Commitments on Education Services

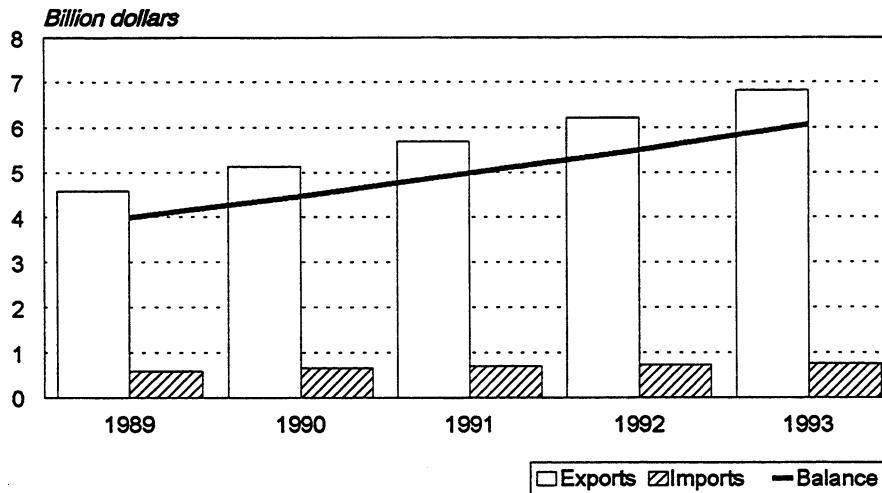
Overview

Since most trade occurs through students' attendance at colleges and universities outside their home countries, limitations on foreign students' consumption abroad have the greatest potential effect on trade (table 4-1). When such limitations appear, they generally take the form of emigration requirements, foreign currency restrictions, and nonrecognition of foreign degrees or credentials. Detailed descriptions of the specific limitations appear in appendix K. Cross-industry limitations such as subsidies, tax measures, and investment regulations do not appear to limit education trade significantly (appendix H).

¹² Ibid.

¹³ USDOC, BEA, *Survey of Current Business*, Sept. 1994, p. 136.

Figure 4-2
 Education services: Cross-border exports, imports, and trade balance, 1989-93



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1992 and Sept. 1994.

Subject Trading Partner Commitments on Education Services

Japan's commitments on primary, secondary, and higher education services are narrow in scope. The commitments solely pertain to services offered by so-called Formal Education Institutions established in Japan. Japan defines "Formal Education Institutions" as kindergartens, elementary schools, lower secondary schools, upper secondary schools, universities, technical colleges, schools for the blind, schools for the deaf, and schools for the handicapped. A license for establishment of Formal Education Institutions is only issued to Japan-based institutions. Therefore, it is technically infeasible to provide these education services across borders or for Japanese students to purchase these education services while abroad.

The Japanese Ministry of Education does not recognize affiliates of U.S. higher education institutions in Japan. Temple University is one of a small group of educational institutions that has

established a commercial presence in Japan through its affiliate, Temple University Japan (TUJ). TUJ offers English Language training as well as undergraduate and graduate degree programs. Without recognition by the Ministry of Education, TUJ has not been able to provide education services to Japanese students who wish to obtain positions in Japanese corporations or in the Japanese Government. To obtain recognition, TUJ and similar programs must apply as a Japanese university with classes conducted in the Japanese language by Japanese faculty. U.S. industry sources indicate that doing so would alter the nature of the service they provide, leaving them unable to differentiate themselves from competing Japanese institutions.¹⁴ Another commercial presence restriction includes the requirement that Formal Education Institutions be

¹⁴ Industry representatives, interviews by USITC staff, Washington, DC, Mar. 9, 22, 23, and Apr. 10, 1995.

Table 4-1
Highlights of commitments on education services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	ALL EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
European Union ⁵	ALL EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Japan	PRIMARY EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	PRIMARY EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	PRIMARY EDUCATION SERVICES: • Limited access ³	PRIMARY EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	SECONDARY EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	SECONDARY EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	SECONDARY EDUCATION SERVICES: • Limited access ³	SECONDARY EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	HIGHER EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	HIGHER EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	HIGHER EDUCATION SERVICES: • Limited access ³	HIGHER EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	ADULT EDUCATION SERVICES: • No limitations	ADULT EDUCATION SERVICES: • No limitations	ADULT EDUCATION SERVICES: • No limitations	ADULT EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	OTHER EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	OTHER EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	OTHER EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	OTHER EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Mexico	PRIMARY EDUCATION SERVICES: • No limitations	PRIMARY EDUCATION SERVICES: • No limitations	PRIMARY EDUCATION SERVICES: • Limited access ³	PRIMARY EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	SECONDARY EDUCATION SERVICES: • No limitations	SECONDARY EDUCATION SERVICES: • No limitations	SECONDARY EDUCATION SERVICES: • Limited access ³	SECONDARY EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	HIGHER EDUCATION SERVICES: • No limitations	HIGHER EDUCATION SERVICES: • No limitations	HIGHER EDUCATION SERVICES: • Limited access ³	HIGHER EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	ADULT EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ADULT EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ADULT EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ADULT EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	OTHER EDUCATION SERVICES: • No limitations	OTHER EDUCATION SERVICES: • No limitations	OTHER EDUCATION SERVICES: • Limited access ³	OTHER EDUCATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Limited access indicates the presence of market access limitations.

⁴ Discriminatory treatment indicates the presence of national treatment limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

established by a "school juridical¹⁵ person," which is a non-profit institution established under Japanese law.

The commitments do not address services provided by education institutions established outside Japan, such as U.S. colleges and universities. Therefore, Japan reserves the right to maintain, as well as impose, restrictions on students' consumption abroad at these institutions, which is the principal component of trade in education services. However, approximately 43,000 Japanese students studied in U.S. education institutions in the 1992-93 school year,¹⁶ demonstrating that Japan has refrained from restricting students' consumption of education services at U.S. colleges and universities. Japan also leaves limitations on the presence of natural persons in primary, secondary, and higher education services unbound, allowing Japan to maintain or increase market access or national treatment limitations at its discretion. However, under the Japan Exchange and Teaching Program, several thousand people have been invited to serve as English Language teaching assistants in Japan's secondary schools.¹⁷

Japan's commitments on adult education services pertain solely to instruction in foreign languages. With respect to these services, there are no industry-specific restrictions on cross-border supply, consumption abroad, and commercial presence. Limitations are unbound with respect to the presence of natural persons supplying adult education services. However, cross-industry commitments appear to provide exceptions to such limitations. Under certain circumstances, for instance, experts in jurisprudence, economics, business management, accounting, and the humanities may offer their services in Japan. Cross-industry limitations on

national treatment may apply to a commercial presence that does not provide expertise in the disciplines listed above, and to enterprises that receive government research and development subsidies.

Mexico, too, places unbound limitations on the presence of natural persons in all areas of education services. However, cross-industry commitments appear to provide exceptions to limitations placed on specialists, which may apply to certain types of teachers. Other Mexican restrictions include those on adult education services, which are unbound, and on the establishment of a commercial presence for the purpose of primary, secondary, higher, or other education services. To establish education institutions in Mexico, foreign providers must obtain authorization from the Ministry of Public Education and comply with foreign investment restrictions. Mexico restricts commercial presence and natural persons providing language skills and special education.¹⁸

The European Union (EU) places few community-wide limitations on trade in education services via cross-border supply, consumption abroad, or commercial presence. By contrast, community-wide limitations are unbound with respect to natural persons, although cross-industry commitments allow the temporary presence of persons with "uncommon knowledge." It is not clear whether this exemption applies to teachers.

EU limitations on trade in education services principally stem from member state regulations. EU member states principally list restrictions that apply to commercial presence and natural persons. Nationality conditions exist for professors in

¹⁵ In the terminology found in the GATS, juridical persons include corporations, trusts, partnerships, joint ventures, sole proprietorships, and associations. Branches and representative offices are not included.

¹⁶ IIE, *Open Doors 1992/1993*, p. 23.

¹⁷ IIE, *Profiting From Education: Japan-United States International Educational Ventures in the 1980s* (New York: IIE, 1990), p. 3.

¹⁸ Under the terms of the North American Free-Trade Agreement (NAFTA), Mexico has agreed to greater cooperation with the United States concerning mobility of students, faculty, and information. In September 1993, academic, business, and government leaders met in Vancouver, B.C., to endorse a higher education pact that supports intensive trilateral exchange, research, and training for students among the United States, Mexico, and Canada. American Council on Education (ACE), "Toward a More Perfect Union: Vancouver Summit," *The Compass*, vol. 2, No. 1 (Jan. 1994), pp. 4-5.

Denmark, teachers and board members in Greece, and those who wish to issue state-recognized diplomas in Italy.¹⁹ Similarly, in Greece, third-country nationals²⁰ can only grant private diplomas, which are reportedly less valuable than their state-certified equivalents.²¹ France requires third-country nationals to obtain permission from authorities to establish and direct education institutions,²² and limits the movement of foreign professors into France through various regulations concerning length of stay, payment of taxes, and needs tests. Italy and Spain also subject foreign private universities to needs tests.²³ Finland and Sweden scheduled no commitments on education services, effectively reserving the right to impose restrictions on any mode of supply. Like Finland and Sweden, Austria made no commitments pertaining to higher education services but did schedule commitments on primary, secondary, and adult education services.

Canada scheduled no commitments regarding education services. Therefore, Canada may maintain or introduce restrictions that are inconsistent with market access and national treatment. These restrictions may apply to any mode of supply. However, under the terms of the

North American Free-Trade Agreement, Canada also has agreed to greater cooperation with the United States concerning academic exchange.

Summary

Japan, Canada, Austria, Finland, and Sweden have left limitations on the exchange of higher education students unbound, giving these countries the flexibility to maintain or impose import restrictions. However, students from Japan and Canada are among the largest consumers of education services from U.S. colleges and universities, indicating that although these countries have reserved the right to maintain or place restrictions on imports, they have exercised restraint in doing so. With respect to education services, Mexico and the European Union, minus the recently acceded nations, appear most liberal, imposing no limitations on the exchange of college and university students. Further, cross-industry commitments on the temporary entry and stay of natural persons may benefit teachers attempting to provide education services in Mexico, as well as individuals providing adult education services in Japan.

The schedules provided by several of this report's subject trading partners do not serve the purposes of transparency and benchmarking. As noted, Canada, Finland, and Sweden declined to schedule any commitments regarding education services. The absence of commitments regarding education services provides interested parties with no information regarding the nature and extent of restrictions. Schedules submitted by Japan and Austria lack transparency in the sense that they do not address regulations pertaining to the exchange of college and university students, the primary component of trade in education services. By contrast, the schedules submitted by the European Union, minus the recently acceded nations, and Mexico appear to promote regulatory transparency and establish benchmarks.

¹⁹ In Italy, state-recognized diplomas are reportedly more marketable to future employers. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

²⁰ Third-country nationals are non-EU persons. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

²¹ EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

²² Permission is discretionary and can be based on needs tests. However, there is some reciprocity in limited cases. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

²³ Sources indicate that, although needs tests are often quantitative in nature, they may also be subject to arbitrary decisions. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

CHAPTER 5

Communication Services

For the purposes of this report, the communications industry comprises enhanced telecommunication services,¹ audiovisual services, and courier services. Initial offerings by most signatories to the General Agreement on Trade in Services (GATS) did not include commitments for basic telecommunication services.² Extended negotiations pertaining to these services are not scheduled to conclude until April 1996. This report therefore does not address basic telecommunication services.

Due to severe limitations regarding trade data in the communications industry and the extensive use of exemptions to most-favored-nation (MFN) treatment in the audiovisual services industry, the organization and content of discussions in this chapter differ from those in most other chapters of this report. Trade data pertaining to enhanced telecommunication services and audiovisual services are incomplete, and no domestic or foreign entity systematically collects data pertaining to courier services. With regard to MFN exemptions, Canada, the European Union (EU), and EU member states list a total of 19 MFN exemptions specific to the audiovisual industry.

Enhanced Telecommunication Services³

Introduction

Enhanced telecommunication services include a wide range of services that add "value" to otherwise basic transmission of voice and data over telecommunication networks.⁴ The provision of enhanced services involves the collection, selection, formatting, processing, or selective delivery of client-originated information.⁵ This study examines enhanced telecommunication services, defined by the General Agreement on Tariffs and Trade (GATT) to include: electronic mail, voice mail, on-line information and data base retrieval, electronic data interchange (EDI), enhanced/value-added facsimile services (including store and forward, and store and retrieve), code and protocol conversion, and on-line information and/or data processing (including transaction processing).⁶

¹ Enhanced telecommunication services also are referred to as value-added telecommunication services.

² The General Agreement on Trade in Services (GATS) defines basic telecommunication services as: 1) transport networks or facilities and 2) transport services. Telecommunication transport networks are the infrastructure which permits telecommunications between and among defined network termination points. Transport services involve the real-time transmission of customer-supplied information between two or more points without any change in the form or content of the customer's information.

³ Among the individuals consulted by USITC staff in preparation of this report were those affiliated with the following organizations: GE Information Services (GEIS), AT&T, Sprint International, IBM, Electronic Data Systems (EDS), the Bureau of Economic Analysis (BEA), the U.S. Department of Commerce (USDOC), and the Federal Communications Commission (FCC).

⁴ Enhanced telecommunication services are captured under the U.S. Standard Industrial Classification (SIC) code 4822.

⁵ U.S. Congress, Office of Technology Assessment, *U.S. Telecommunications Services in European Markets* (Washington, DC: GPO, 1993), p. 1.

⁶ The actual scope of enhanced telecommunication services varies among trading partners due to differences in the way in which basic and enhanced telecommunication services are distinguished. EU Commission official, interview by USITC staff, Brussels, July 18, 1995.

Nature of International Trade in Enhanced Telecommunication Services

Enhanced telecommunication services are delivered to foreign consumers via telecommunication and computer networks that link globally dispersed communication centers, or nodes. As such, enhanced telecommunication services can be provided both across borders and through foreign commercial presence.⁷ Enhanced service providers establish complex global networks by leasing lines from multiple telecommunication carriers, primarily to serve multinational business users. Users may connect to an enhanced telecommunication network to access certain enhanced services, such as electronic mail or EDI, through a number of methods. Typically, the customer will dial directly from a personal computer into the network using a local number provided by the enhanced telecommunication service provider. However, when a local connection is not possible, users may access the network through direct long-distance dialing, by using an Integrated Services Digital Network (ISDN)⁸ connection through the local telephone network, or through arrangements with the local telephone company to connect to a

⁷ As users of the public telecommunication network and related services, U.S. enhanced telecommunication firms often are constrained by regulations governing access to and use of public switched telecommunication networks in foreign countries. To guard against conflicts arising from potential bottlenecks posed by foreign public telecommunication network carriers, the GATS, through provisions outlined in the Telecommunications Annex, ensures a signatory member "access to and use of public telecommunication transport networks and services" when such services or facilities are required to supply a service included in its national schedule. Under the terms of the Annex, affected firms must be provided access on "reasonable and nondiscriminatory terms and conditions."

⁸ ISDN provides high capacity digital transmission of information using an internationally accepted standard for voice, data, and signaling.

public data network.⁹ The provision of such services is complex, and a single message may cross multiple national borders.

For instance, GE Information Services (GEIS), one of the world's largest providers of enhanced telecommunication services,¹⁰ supplies clients with a wide array of enhanced services in more than 70 foreign markets. GEIS delivers services across borders and through a foreign commercial presence in many markets. GEIS uses two forms of foreign commercial presence: an affiliated subsidiary, in which GEIS holds an equity interest; and an unaffiliated distributor, in which GEIS holds no equity. Both arrangements provide access to enhanced telecommunication networks as well as customer support. Whether providing services across borders or through a foreign commercial presence, clients are connected via the enhanced telecommunication network to large computer centers in one of three locations: Amsterdam, the Netherlands; Rockville, MD; or Cleveland, OH. The connection is undetectable by the user and is based on which location can provide the desired service most efficiently at that time.¹¹

Data available for cross-border trade in enhanced telecommunication services are limited to 2 years. U.S. Government surveys completed in 1986 and 1991 provide aggregate data pertaining to cross-border supply of enhanced telecommunication services for these 2 years. The data are not broken out by country. In 1986, the survey reported that the United States registered a trade surplus in enhanced services of \$31 million. This figure rose substantially over the next 5 years, to \$60 million in 1991. In both years, trade in this sector represented less than 1 percent

⁹ Industry representative, telephone interview by USITC staff, Jan. 27, 1995.

¹⁰ Leading global suppliers of enhanced telecommunication services include INFONET, a carrier consortium; GE Information Services (U.S.); BT Tymnet (U.K.); SITA, an airline consortium; SprintNet (U.S.); IBM Information Network (U.S.); AT&T (U.S.); and CompuServe (U.S.).

¹¹ Industry representative, telephone interview by USITC staff, Jan. 27, 1995.

of overall international service trade flows.¹² While the U.S. surplus in enhanced telecommunication services has risen markedly during this 5-year period, imports have grown faster, rising by nearly 900 percent (figure 5-1). Data pertaining to foreign affiliate sales are not available. Consequently, it is not known with certainty whether cross-border trade or sales by affiliates is larger.

Examination of Commitments on Enhanced Telecommunication Services

Overview

As noted, enhanced telecommunication services are either supplied to foreign consumers across borders or through a foreign commercial presence. Some of the major impediments in foreign markets affecting these delivery channels include restrictive licensing requirements; explicit prohibitions on the provision of certain services; limitations on foreign ownership and participation in joint ventures; discriminatory access to, and non cost-based pricing¹³ of, leased telecommunication lines; and underdeveloped or unreliable telecommunication infrastructure.¹⁴ Limitations vary widely across markets, and are not considered to be severe in the subject trading partners.

With few exceptions, U.S. providers of enhanced telecommunication services operate freely in each of the trading partners included in this study.¹⁵ This relatively open environment has

¹² USDOC, BEA, *Survey of Current Business*, Oct. 1988, pp. 27-29, and Sept. 1992.

¹³ Cost-based pricing involves adding a moderate rate of return to the actual cost of providing the service.

¹⁴ Industry representatives, interviews by USITC staff, Washington, DC, Feb. 10 and 17, 1995, and telephone interview by USITC staff, Feb. 28, 1995.

¹⁵ Enhanced telecommunication service suppliers historically have used telecommunication trade agreements, international value-added network services (IVANS) agreements, and regional agreements, such as the North American Free-Trade (continued...)

been reinforced by the commitments scheduled by the subject trading partners. Table 5-1 summarizes the industry-specific limitations that are inconsistent with market access and national treatment for enhanced telecommunication services, by trading partner and mode of supply. Detailed descriptions of the specific limitations appear in appendix L.

Cross-industry commitments also will affect suppliers of enhanced telecommunication services (see appendix H). Cross-industry restrictions most often pertain to the establishment of a commercial presence and the movement of natural persons. Most subject trading partners have restricted foreign firms' market access by capping equity ownership, voting rights, or representation on boards of directors. Cross-industry limitations on national treatment typically require that newly established businesses be controlled by residents of the host country. Cross-industry restrictions regarding the movement of natural persons generally provide for the employment of technical, consultative, or managerial personnel from the home country as well as intra-corporate transferees for a specified period of time. Among the subject trading partners, no MFN exemptions apply directly to enhanced telecommunication services.

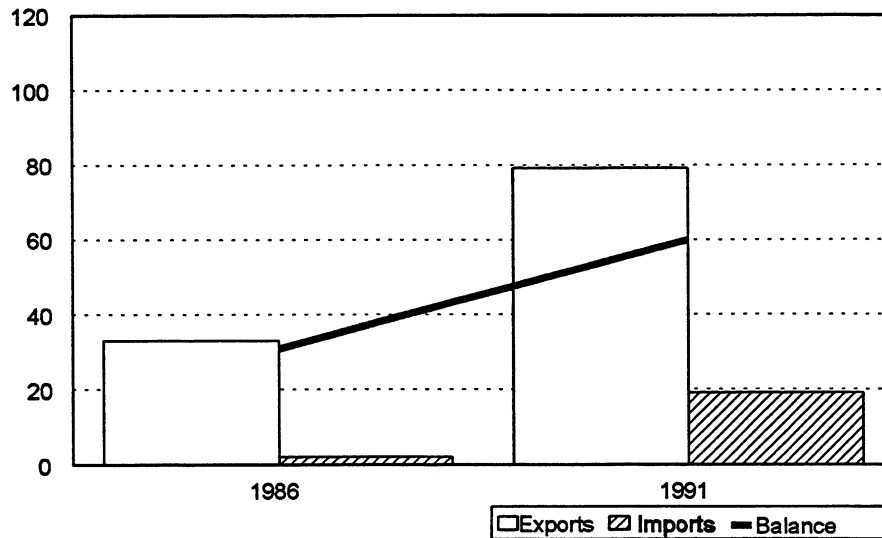
Subject Trading Partner Commitments on Enhanced Telecommunication Services

Canada's specific commitments reflect its position as one of the most open markets in the world with respect to enhanced telecommunication services. In addition, Canada's GATS commitments reinforce its position under the North American Free-Trade Agreement (NAFTA), which provides a favorable environment for U.S. providers of enhanced

¹⁵ (...continued)
Agreement (NAFTA), to gain access to important foreign markets.

Figure 5-1

Enhanced telecommunication services: Cross-border exports, imports, and trade balance, 1986 and 1991



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Oct. 1988 and Sept. 1992, and USITC staff estimates.

Table 5-1

Highlights of commitments on enhanced telecommunication services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	• No limitations	• No limitations	• No limitations	• Limited access ³ • Discriminatory treatment ⁴
European Union ⁵	• No limitations	• No limitations	• Limited access ³	• Limited access ³ • Discriminatory treatment ⁴
Japan	• No limitations	• No limitations	• No limitations	• Limited access ³ • Discriminatory treatment ⁴
Mexico	• Limited access ³	• No limitations	• Limited access ³	• Limited access ³ • Discriminatory treatment ⁴

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Limited access indicates the presence of market access limitations.

⁴ Discriminatory treatment indicates the presence of national treatment limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

telecommunication services.¹⁶ No limitations were placed on either cross-border supply or the establishment of a commercial presence. Canada's only industry-specific restriction applies to the presence of natural persons, on which limitations are unbound. This allows Canada to maintain or impose measures that limit foreign individuals' market access or national treatment. However, Canada's cross-industry commitments allow for the temporary entry and stay of certain intra-corporate transferees and professionals, which may ease the effect of such restrictions.

Among the subject trading partners, Mexico listed the most restrictions specific to enhanced telecommunication services.¹⁷ Under the terms of the NAFTA, however, U.S. firms should not be affected adversely by the restrictions found in Mexico's GATS schedule. GATS restrictions include limitations on both cross-border supply and the establishment of a commercial presence. Most significantly, Mexico requires that a local presence be established in Mexico to provide enhanced telecommunication services. With respect to commercial presence, Mexico restricts

¹⁶ NAFTA includes a "bill of rights" that guarantees that firms establishing private networks or providing enhanced telecommunication services can lease lines at cost-based, flat, monthly rates; interconnect with other systems including the public telephone network; attach customer premises equipment of the firm's choice to the network; and use proprietary operating protocols and software. Restrictions on foreign investment were phased out on July 1, 1995, thereby allowing up to 100-percent foreign ownership. Any firm residing in North America may provide services to consumers in another NAFTA member without establishing a local presence. David Long, "NAFTA Telecom Agreement," *Transnational Data and Communications Report*, Jan.-Feb. 1994, p. 35.

¹⁷ As with Canada, Mexico's telecommunication regime was fully liberalized vis-a-vis the United States as a result of commitments made during NAFTA. U.S. enhanced telecommunication service providers currently operate under the more liberal regime provided by NAFTA and thus do not face the limitations indicated in the national schedule submitted under the GATS.

foreign ownership to 49 percent, limits foreign firms' resale or lease of excess capacity on private circuits, requires a permit for cross-border connections, and prohibits the provision of long distance services to parties not connected to private networks. Finally, except for commitments specified in the cross-industry commitments, limitations pertaining to the presence of natural persons are unbound, permitting Mexico to maintain or impose measures that limit foreign individuals' market access or accord such individuals regulatory treatment less favorable than that granted to Mexican persons.

Japan scheduled commitments covering all enhanced telecommunication services. In addition, Japan included circuit- and packet-switched data services,¹⁸ two non-voice telecommunication services that often are offered by enhanced telecommunication service providers. Japan imposes no limitations on cross-border supply or commercial presence. However, Japan scheduled commitments only for so-called Type II¹⁹ telecommunication firms, which lease rather than own telecommunication facilities. By listing commitments regarding only Type II carriers, Japan preserved a regime that denies foreign firms' access to the public telecommunication network.²⁰ Access to a country's public

¹⁸ Circuit-switching is the technical description for the switching process that dedicates to two or more users the exclusive use of the circuit until the connection is terminated. Packet-switching is a newer technique that is used for data exchange only. Unlike circuit-switched data, packet-switched data are transmitted in multiple "packets" through available circuits and reassembled at the termination point.

¹⁹ Type I telecommunication firms are those business entities that own and operate telecommunication facilities.

²⁰ In February 1995, Japan's Ministry of Post and Telecommunications (MPT) announced plans to liberalize the use of both domestic and international private leased circuits including provisions allowing interconnection to the public switched network for

(continued...)

telecommunication network effectively expands the calling area for firms operating enhanced telecommunication networks.²¹ Japan also leaves restrictions regarding the presence of natural persons unbound, although cross-industry commitments provide for the temporary entry and stay of intra-corporate transfers of senior managers and executives, and other business visitors. In the cross-industry commitments, Japan reserves the right to allocate government subsidies to research and development on a discriminatory basis, presumably favoring Japanese entities over foreign-owned companies. Although the GATS successfully preserves Japan's relatively liberal regime for enhanced telecommunication services, the United States has concluded a comprehensive bilateral international value-added network services (IVANS) agreement with Japan. The IVANS agreement, implemented in 1991, provides further access to Japanese business markets for U.S. providers of enhanced telecommunication services.

The European Union specifies no Community-wide limitations on cross-border supply and commercial presence, thus preserving an open regulatory regime. Aside from scattered cross-industry provisions specified by member states that principally restrict the establishment of a commercial presence,²² Portugal is the only member state that imposes industry-specific limitations on foreign providers of enhanced telecommunication services. Specifically, Portugal limits capital holdings of all non-EU companies to 25 percent of public

telecommunication facilities. The United States currently is operating under bilateral arrangements with the United Kingdom, the Netherlands, and Germany,²³ which have created fairly open rules for foreign providers of enhanced telecommunication services.

Industry Opinion

On balance, U.S. firms express satisfaction with the subject trading partners' schedules.²⁴ There is universal agreement that the GATS preserves liberal regulatory environments that were created prior to completion of the Uruguay Round. Bilateral agreements negotiated before the conclusion of the GATS established rules that have allowed U.S. enhanced telecommunication firms to operate relatively unimpeded in certain markets. Further, the subject trading partners' schedules include broad commitments to accord national treatment. These assure that the United States will benefit from future liberalization of enhanced telecommunication markets by these trading partners. Additionally, industry sources state that the GATS provides a firm foundation for future liberalization, particularly in a large number of developing countries.²⁵ Finally, through the World Trade Organization (WTO), the GATS provides an additional legal forum in which to pursue trade-related disputes.²⁶

The industry's criticism of the GATS focuses on its scheduling methodology.²⁷ The GATS utilizes a positive listing approach that does not address new services stemming from technological advances, effectively leaving limitations on foreign provision of these services unbound. By

²⁰ (...continued)

basic voice services. The measures are scheduled to be implemented incrementally, with complete liberalization to occur no later than the end of 1997. Press release, "Specific Measures Towards Liberalization of Private Leased Circuits," Ministry of Post and Telecommunications, Japan, unofficial translation, Feb. 27, 1995.

²¹ Industry representative, telephone interview by USITC staff, Aug. 4, 1995.

²² France, Italy, Portugal, Spain, Austria, Finland, and Sweden all indicate varying restrictions on foreign ownership and investment in the cross-industry commitments (see appendix H).

²³ The United States also may conclude a similar arrangement with France.

²⁴ Industry representatives, interviews by USITC staff, Washington, DC, Jan. 27, 1995, Feb. 10 and 17, 1995.

²⁵ Industry representative, interview by USITC staff, Washington, DC, Feb. 17, 1995.

²⁶ Industry representative, interview by USITC staff, Washington, DC, Feb. 10, 1995.

²⁷ Industry representative, interview by USITC staff, Washington, DC, Feb. 17, 1995.

comparison, the negative listing approach utilized in the NAFTA provides for the automatic inclusion of emerging services.

Summary and Outlook Regarding Ongoing Negotiations

Based on the national schedules, all of the subject trading partners appear to provide open markets for enhanced telecommunication services. Mexico and Portugal were the only countries to list restrictions specific to the industry. Canada, Japan, and the remaining EU member states committed to full market access and national treatment for foreign providers of enhanced telecommunication services. However, according to information provided by industry officials, Mexico and certain EU member states²⁸ remain problematic, in part due to underdeveloped and unreliable telecommunication infrastructure.

The subject trading partners currently are the largest markets for U.S. enhanced telecommunication providers. Since each offered commitments on the entire spectrum of enhanced telecommunication services, the national schedules have improved transparency and established effective benchmarks, which ultimately will benefit U.S. firms. With respect to the movement of natural persons, U.S. providers of enhanced telecommunication services likely will benefit from the GATS. With the exception of the European Union, each of the subject trading partners bound commitments to allow for the temporary entry and stay of intra-corporate transferees. Furthermore, all subject trading partners scheduled commitments pertaining to business visitors.

Ongoing negotiations pertaining to basic telecommunication services are likely to benefit providers of enhanced services. Policies on interconnection, competition and oversight as they

²⁸ Less developed telecommunication networks such as those in Greece, Ireland, Portugal, and Spain have hindered the provision of certain enhanced telecommunication services. Industry representative, interview by USITC staff, Washington, DC, Feb. 10, 1995.

pertain to basic telecommunications reportedly will be developed in these negotiations, scheduled to conclude in April 1996. Currently, restrictions on foreign provision of basic telecommunication services limit opportunities for enhanced telecommunication firms since many prospective clients favor companies that provide both basic voice services and enhanced services.²⁹ Enhanced telecommunication firms also may benefit if extended negotiations increase the ways in which telecommunication transmission lines may be leased. Leases that allow lessees to share circuits and resell excess capacity, for instance, significantly reduce the costs of constructing private telecommunication networks.³⁰

Courier Services³¹

Introduction

Courier services are performed by numerous business operations that are engaged in the pickup and expedited delivery of parcels, packages, letters, and other articles destined for domestic or international locations. This report focuses on land-based courier services and excludes such services provided by air transportation.³² In the

²⁹ Industry representative, telephone interview by USITC staff, Feb. 28, 1995.

³⁰ Industry representative, interview by USITC staff, Washington, DC, Feb. 17, 1995.

³¹ Among the individuals consulted by the USITC staff in preparation of this report were those affiliated with the following organizations: Federal Express Corp.; United Parcel Service; DHL Worldwide Express; Courier Magazine; the U.S. Department of Commerce; and Airborne Courier Conference of America (ACCA).

³² The Commission was not requested by the United States Trade Representative to examine air transportation services. Although this report focuses on land-based U.S. courier services, air transportation is an essential part of overall courier services operations because air transportation must be used for overnight delivery to distant domestic and foreign locations. Land-based transportation delivers packages to customers from final airport destinations.

United States, courier services³³ are provided predominantly by large business enterprises, such as Airborne Freight Corp. (AFC), DHL Worldwide Express (DHL), Federal Express Corp. (FEC), United Parcel Service (UPS), and approximately 10,000 relatively small independent messenger and delivery services. The large companies specialize in providing overnight courier services, whereas the smaller companies generally provide same-day local delivery.

Nature of International Trade in Courier Services

U.S. trade data pertaining to courier services are not available, although representatives of U.S. couriers indicate that the United States is a net exporter of courier services.³⁴ Courier services are provided to foreign customers principally through foreign-based affiliates of large companies such as AFC, DHL, FEC, and UPS.³⁵ These companies provide courier services to foreign consumers seeking overnight shipment of documents or packages to various destinations, including the United States.³⁶ These companies also transport shipments originating in the United States to their final destinations abroad. Sortation hubs (distribution centers) have been established at designated airports and other locations where packages and similar goods are routed (usually by truck) to subhubs for final delivery.

³³ The U.S. SIC codes applicable to courier services are 4212, local trucking without storage (which includes freight weighing 100 pounds or more); and 4215, courier services, except air (which includes packages under 100 pounds).

³⁴ Industry representative, telephone interview by USITC staff, Jan. 27, 1995.

³⁵ FEC was the principal supplier of overnight letters and documents during the second quarter of 1993 (the most recent period surveyed) with 59 percent of the market, followed by AFC (16 percent), UPS (11 percent), U.S. Postal Service Express Mail (10 percent), and all other courier services (4 percent). See *Aerospace & Air Transport, Industry Surveys*, June 30, 1994, p. A41.

³⁶ Henry Lefter, "Poised to Pounce on Recovery," *Air Transport World*, Feb. 1994, pp. 101-103.

Sales by Majority-Owned Affiliates

Several U.S. couriers have established affiliates in foreign countries to capitalize on rapidly expanding global demand for express courier services. Both DHL and UPS have established wholly owned subsidiaries in Mexico as allowed by the Mexican Foreign Investment Law.³⁷ DHL provides the largest volume of courier services in Mexico.³⁸ UPS, the most recent U.S. competitor to enter the Mexican market, is trying to increase its share of the market by capitalizing on the inefficiency of Mexico's postal service and the local courier services that operate through a myriad of Mexican trucking operations.³⁹ Both DHL and UPS are major suppliers to Mexico's largest cities.⁴⁰ Canada is also a very important market for U.S. courier firms. With approximately 4,000 vehicles in Canada, UPS is planning to establish its own wireless radio network within that country to enhance express services from the United States and improve distribution services.⁴¹

U.S. couriers also are committed to the European market. DHL's recently expanded sortation hub in Brussels, Belgium, is the largest of its kind. Revenues for DHL's European operations reportedly are increasing by about 17 percent annually.⁴² UPS also is augmenting its European express delivery system by establishing a sortation hub in Cologne, Germany.⁴³ Despite encountering fierce local competition and significant financial losses in 1990 and 1991, FEC has strengthened its financial position, and continues to provide express courier services to

³⁷ Industry representative, interview by USITC staff, Washington, DC, Mar. 29, 1995.

³⁸ Dora Delgado, "Is My Package There Yet?" *Business Mexico*, Apr. 1994, p. 10.

³⁹ *Ibid.*

⁴⁰ Industry representative, interview by USITC staff, Washington, DC, Mar. 29, 1995.

⁴¹ *Computing Canada*, Sept. 14, 1994, pp. 1, 7.

⁴² Henry Lefter, p. 102.

⁴³ Industry representatives, interviews by USITC staff, Washington, DC, Mar. 29, 1995 and May 3, 1995.

major cities in Europe and overnight service between Europe and the United States.⁴⁴

With respect to Japan, UPS entered a joint venture in 1991 that allows it to provide express services between the United States and Japan.⁴⁵ FEC also has obtained a working agreement from Japan to supply courier services to that market.⁴⁶

Cross-Border Transactions

The majority of U.S. trade in courier services with Canada and Mexico is carried out by air. However, a limited amount, an estimated 20 to 25 percent for each country, is performed by trucks making deliveries and pickups in those countries. Truck deliveries, however, are usually reserved for customers no more than 500 miles from national borders.⁴⁷

Examination of Commitments on Courier Services

Overview

As noted, U.S. land-based couriers principally provide services to foreign consumers through affiliates established abroad. Hence, commitments regarding commercial presence and the presence of natural persons affect trade in courier services most significantly. This portion of the chapter focuses on these two modes of supply. Highlights of specific country commitments addressing courier services and the relevant modes of supply are given in table 5-2. A more detailed list of such commitments is provided in appendix M.

Subject Trading Partner Commitments on Courier Services

With respect to courier services, Canada has the most open market.⁴⁸ U.S. suppliers have been able to obtain both inter-provincial and intra-

provincial trucking licenses for courier operations throughout the country.⁴⁹ Canada generally imposes no restrictions on the commercial presence of foreign couriers. Exceptions are the Provinces of Nova Scotia and Manitoba, which permit foreign commercial presence only after economic needs tests have been performed. These tests basically entail assessments of the effects of market entry on Canadian firms' competitive position. With respect to the presence of natural persons, Canada's trade limitations are unbound, which means that Canada reserves the right to maintain existing limitations on market access and national treatment and to impose further, possibly more rigid, limitations at its discretion. However, cross-industry measures regarding the temporary entry and stay of natural persons permit business visitors, including those negotiating sales contracts, to remain in Canada for up to 90 days (see appendix H). In addition, such measures permit intra-corporate transferees, including executives, managers, and specialists, to remain in-country for 3 years.

Mexico's limitations affect courier services through the relevant modes of supply in several ways. Foreign investment may not exceed 49 percent of the registered capital of Mexican courier service enterprises. Foreign investors also must meet requirements specific to the means of transportation they use in Mexico. For instance, U.S.-owned vehicles operating in Mexico must adhere to various stipulations regarding "trucking rights." With the exception of those vehicles operating under special agreements, point-to-point deliveries are not permitted. Deliveries of this type are generally reserved for Mexican businesses.⁵⁰ U.S. courier operations must also satisfy various Mexican licensing requirements,

⁴⁴ Ibid.

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Nancy S. Sparks, managing attorney, Federal Express Corp., testimony before the United States International Trade Commission, June 7, 1995.

⁴⁹ Ibid.

⁵⁰ Although NAFTA addresses some of the concerns of the U.S. courier service industry, a representative of FEC stated that the GATS provides a more comprehensive forum from which the industry can argue for greater access to global markets. Nancy S. Sparks, managing attorney, Federal Express Corp., testimony before the United States International Trade Commission, June 7, 1995.

Table 5-2
Highlights of commitments on courier services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	<ul style="list-style-type: none"> No limitations 	<ul style="list-style-type: none"> No limitations 	<ul style="list-style-type: none"> Limited access³ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴
European Union ⁵	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴
Japan	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴
Mexico	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> No limitations 	<ul style="list-style-type: none"> Limited access³ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Limited access indicates the presence of market access limitations.

⁴ Discriminatory treatment indicates the presence of national treatment limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

which create additional costs for these operations.⁵¹ Mexico also retains the right to maintain or impose restrictions on foreign nationals that provide courier services inside Mexico. However, existing cross-industry measures regarding the temporary entry and stay of natural persons allow those negotiating sales contracts to stay 90 days, and intra-corporate transferees to stay 1 year. The latter may obtain permission to extend their stay.

Despite the NAFTA, U.S. couriers have expressed frustration regarding certain Mexican policies.⁵² For example, one U.S. courier advised

the Commission that the Mexican Government intends to impose limitations on the size and number of packages U.S. couriers may pick up and deliver.⁵³ The courier also claims that the Mexican Government permits only nationals of that country to operate as customs brokers, which inhibits U.S. couriers' ability to deliver goods quickly.⁵⁴ Other industry representatives claim that Mexico's burdensome and time-consuming border clearance procedures delay delivery and

⁵² (...continued)

NAFTA, a 30-day consultation period was sought during which both countries would try to reach agreement. Although the 30-day period has expired, Mexico is continuing to consider the complaint and is working with U.S. officials on solutions that will be acceptable to U.S. couriers. Industry representative, telephone interview by USITC staff, Aug. 29, 1995. The United States Trade Representative requested talks on this matter in his letter to Mexico's Secretary of Commerce and Industrial Development, Apr. 25, 1995.

⁵³ Nancy S. Sparks, managing attorney, Federal Express Corp., testimony before the United States International Trade Commission, June 7, 1995.

⁵⁴ Ibid.

⁵¹ Industry representatives, interviews by USITC staff, Washington, DC, May 3, 1995.

⁵² On Apr. 26, 1995, the United States Trade Representative filed a complaint with the Mexican Government requesting that formal meetings be held to resolve a dispute involving UPS, FEC, AFC, and other express delivery companies. The complaint claims that Mexico has failed to provide equal or "national treatment" to U.S. couriers operating in that country as required by the NAFTA. Under provisions of a dispute settlement clause in the

(continued...)

disadvantage U.S. couriers.⁵⁵ Clearance at the Mexican border is limited to daylight hours, 6 days per week, although many customers require courier service 24 hours a day, 7 days per week.⁵⁶ However, the Government of Mexico reportedly has implemented a change in customs regulations to permit speedier clearance (less than 5 hours) for packages valued up to \$1,000, which accounts for approximately 80 percent of U.S. shipments.⁵⁷

With the exception of Austria, the European Union declined to make industry-specific commitments on courier services, leaving limitations unbound on all modes of supply.⁵⁸ U.S. courier suppliers operating in the European Union are concerned that postal administrations of EU member states, in conjunction with monopolies of those countries, may impose regulations to control pricing and hinder services associated with the ground handling of merchandise.⁵⁹ Although the European Union did not specifically exempt U.S. courier services from MFN treatment, the European Union did exempt certain measures for all service sectors. Principal measures that could have had an impact on courier services include the following: nationality requirements; preferential treatment of certain countries with which the European Union has or will have bilateral investment treaties; and the issuance of work permit waivers.

⁵⁵ Industry representative, telephone interview by USITC staff, Jan. 27, 1995.

⁵⁶ Citing burdensome customs procedures and protectionist regulatory practices, UPS canceled all ground courier services from the United States to Mexico, effective July 31, 1995. UPS will continue to offer air service to Mexico, as well as ground services within that country.

⁵⁷ Dora Delgado, *Business Mexico*, Apr. 1994, p. 11.

⁵⁸ EU representatives cite concern over equivalent service issues in the debate over liberalizing the postal industry. In addition, they maintain that the distinction between courier and postal services remains unclear. EU Commission official, interview by USITC staff, Brussels, July 19, 1995.

⁵⁹ Nancy S. Sparks, managing attorney, Federal Express Corp., testimony before the United States International Trade Commission, June 7, 1995.

Like the European Union, Japan scheduled no specific commitments pertaining to courier services, preserving the right to maintain or impose restrictions inconsistent with market access and national treatment on foreign service providers. Although U.S. firms are permitted to provide courier services in Japan, their competitiveness is adversely affected by licensing restrictions. FEC, for instance, reports that it cannot obtain a freight forwarding license necessary to forward packages to airlines other than its own. Instead, forwarding licenses are reserved for Japanese nationals. To ship packages outside Japan, FEC consolidates its packages and forwards them to Japanese forwarders, who thereafter forward shipments to airlines. This restriction reportedly reduces the efficiency and price-competitiveness of FEC's operations in Japan.⁶⁰

Industry Opinion

The courier service industry generally supports the GATS and is pleased that courier services were addressed during the trade negotiations. However, U.S. industry representatives are concerned that the lack of commitments from the European Union and Japan and the limitations imposed by Mexico make immediate benefits unlikely. Representatives of the U.S. industry expressed the hope that future rounds of negotiations will address the areas currently excluded from the GATS, with a goal of obtaining a higher level of commitments from the principal trading partners.⁶¹

⁶⁰ Nancy S. Sparks, managing attorney, Federal Express Corp., testimony before the United States International Trade Commission, June 7, 1995; and *Prehearing Brief of Federal Express Corp.*, submitted to the United States International Trade Commission, inv. No. 332-358, May 24, 1995, pp. 28-29.

⁶¹ *Prehearing Brief of Federal Express Corp.*, submitted to the United States International Trade Commission, inv. No. 332-358, May 24, 1995, pp. 28-29, and industry representatives, telephone interviews by USITC staff, Mar.-Sept. 1995.

Summary

Japan and the European Union appear to represent the most restrictive markets for U.S. suppliers of courier services. The absence of commitments by these trading partners reduces the benefits of the GATS for U.S.-affiliated businesses. With respect to Japan and the European Union, regulatory transparency does not appear to have been enhanced and no effective benchmarks have been established. The absence of benchmarks may impede future efforts to liberalize trade in courier services.

Among the subject trading partners, Canada represents the most open market for U.S. courier services. Canada imposes few restrictions and provides for, among other things, inter-provincial and intra-provincial trucking privileges. Although Mexico offered commitments on courier services, industry representatives suggest that significant trade impediments remain.

Mexico and Canada provide for the temporary entry and stay of intra-corporate transferees, which include managers, executives, and specialists, for up to 1 and 3 years, respectively. In addition, both countries allow business visitors to stay for 90 days. However, it is uncertain how these broad categories will apply to courier service personnel. Because Japan and the European Union did not make commitments on courier services, their cross-industry commitments regarding the temporary entry and stay of natural persons do not apply.

Audiovisual Services⁶²

Introduction

For the purpose of this study, audiovisual services are motion pictures, radio services, television services, and sound recording services,⁶³ which include the production and broadcasting of motion pictures, television programs and films, radio programs, recorded music, music videos, and video tapes. These services are distributed through rental or sale of prerecorded work; projection in movie theaters; and television, pay television, and radio broadcasting.⁶⁴

Nature of International Trade in Audiovisual Services

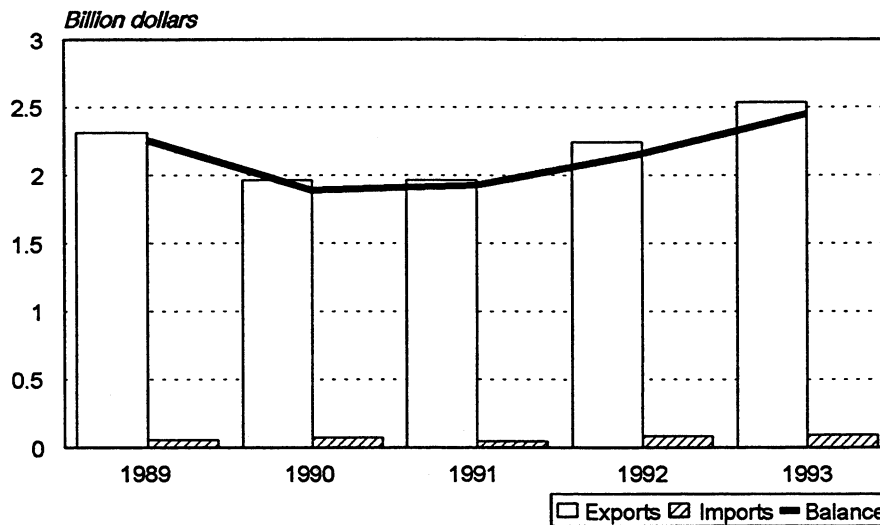
Trade in audiovisual services occurs both through affiliate and cross-border transactions. Cross-border export data reflect foreign rental of films and tapes produced in the United States. Cross-border import data represent U.S. rental of films and tapes produced abroad. Affiliate trade data reflect overseas transactions in motion pictures, including television and film, between foreign consumers and U.S.-owned affiliates abroad, and between U.S. consumers and foreign-owned affiliates in the United States. Available data suggest that most U.S. trade in audiovisual

⁶² Among the individuals consulted by USITC staff in preparation of this report were those affiliated with the following organizations: Motion Picture Association of America (MPAA); American Film Marketing Association (AFMA); Bureau of Economic Analysis (BEA) and the International Trade Administration, U.S. Department of Commerce; the Office of Management and Budget; the Ministry of Culture, Spain; and the Council of Europe.

⁶³ Audiovisual services are captured in the U.S. SIC codes 78, motion pictures; 3652, phonograph, records, and prerecorded audio tapes and disks; and music distribution systems, except coin-operated, under 7389, business services, not elsewhere classified.

⁶⁴ USDOC, *1994 U.S. Industrial Outlook*, p. 31-2.

Figure 5-2
 Audiovisual services: Cross-border exports, imports, and trade balance, 1989-93



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

services is accounted for by transactions through affiliates. This is because four large motion picture production companies in the United States are owned by foreign parent companies.⁶⁵ The studios' sales in the United States are classified as imports. For example, because Columbia pictures is owned by a Japanese firm, all sales by Columbia pictures to U.S. persons are counted as imports.

Cross-Border Transactions

Cross-border exports of audiovisual services increased by an average annual rate of about 2 percent during 1989-93 (figure 5-2), despite declines in exports during 1990-91 due to a worldwide recession. In 1993, U.S. cross-border exports of audiovisual services totaled \$2.5 billion,⁶⁶ or 2 percent of total cross-border exports of services. The 15 current member states of the European Union jointly accounted for over

64 percent of U.S. exports. Outside Europe, Japan was the largest consumer of films and tapes produced in the United States, accounting for 9 percent of U.S. exports (figure 5-3).

In 1993, the United States imported \$85 million⁶⁷ in audiovisual services, less than 3.5 percent of exports. The \$2.4 billion cross-border trade surplus for 1993 represented 6 percent of the total U.S. surplus in cross-border trade in services.

Sales by Majority-Owned Affiliates

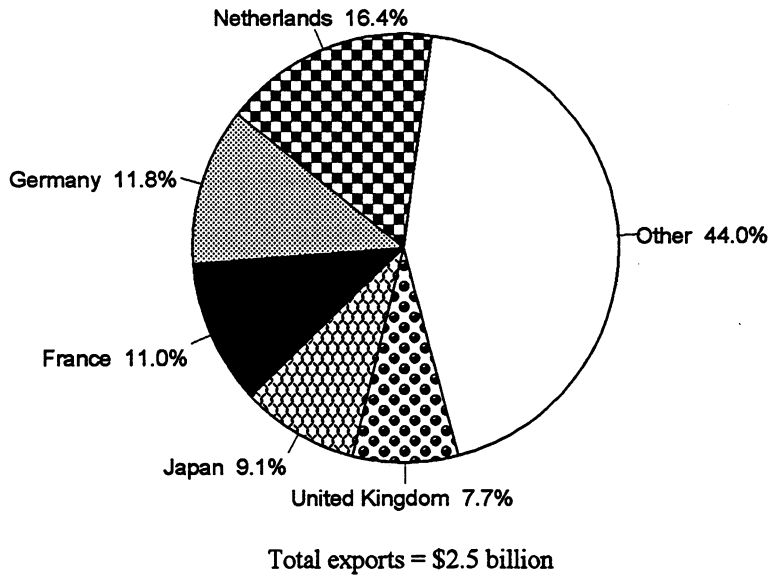
Foreign-based affiliates of U.S. audiovisual service providers recorded sales of \$5.5 billion in 1992, representing 4 percent of service exports by U.S.-owned overseas affiliates (figure 5-4). Exports declined in 1991 as a result of the purchase of several large U.S. production companies by foreign firms. Services continued to be provided to the same consumers, but their sales to overseas markets were no longer classified as U.S. exports. Despite this, exports increased at an average annual rate of 15 percent between 1989 and 1992 as the remaining U.S. firms continued to

⁶⁵ Sony (Japan) owns Columbia Pictures and TriStar; Matsushita (Japan) and Seagram (Canada) own MCA; and Credit Lyonnais (France) controls MGM.

⁶⁶ USDOC, BEA, *Survey of Current Business*, Sept. 1994, p. 118.

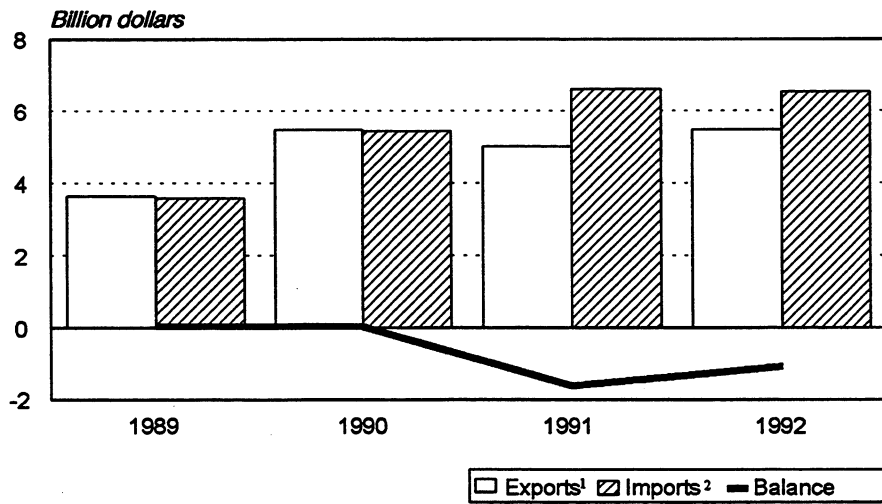
⁶⁷ Ibid.

Figure 5-3
 Audiovisual services: Cross-border exports by principal market, 1993



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Figure 5-4
 Audiovisual service sales by majority-owned affiliates: Exports, imports, and trade balance, 1989-92

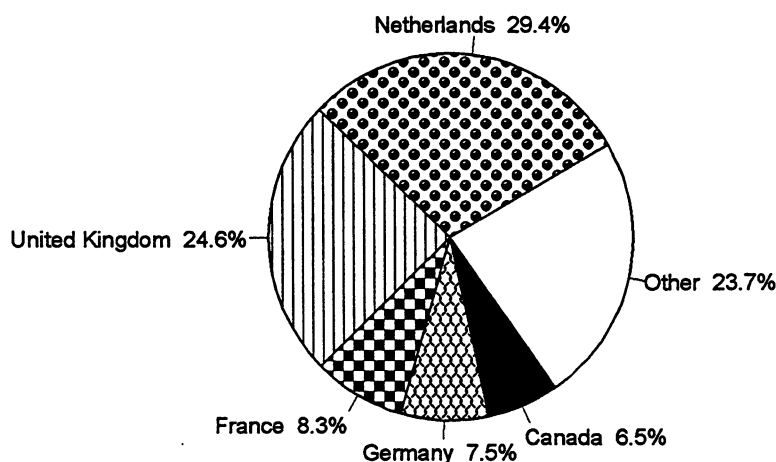


¹ Exports comprise sales to foreign persons by foreign-based, majority-owned affiliates of U.S. firms.

² Imports comprise sales to U.S. persons by U.S.-based, majority-owned affiliates of foreign firms.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1992 and Sept. 1994.

Figure 5-5
 Audiovisual services: Sales by majority-owned U.S. firms by principal market, 1992



Total exports = \$5.5 billion

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

increase sales overseas. The Netherlands and the United Kingdom accounted for approximately 29 percent and 25 percent of these exports, respectively (figure 5-5). Other significant export markets included France and Germany, each accounting for approximately 8 percent of sales, and Canada, representing 7 percent.

During 1989-90, exports of audiovisual products by U.S.-owned affiliates abroad roughly equaled foreign-owned affiliates' sales in the United States (imports). However, imports exceeded exports by \$1 billion to \$2 billion during 1991-92 because foreign firms acquired U.S. production companies. Foreign-owned studios' sales to U.S. consumers increased by an annual rate of 22 percent, on average, during 1989-92.⁶⁸

Examination of Commitments on Audiovisual Services

Overview

As noted, audiovisual services are delivered to foreign consumers through cross-border and affiliate transactions, with the latter predominating. The principal barriers to international trade in audiovisual services are limitations on screen-time available for foreign films and on investment.⁶⁹ In addition, the most restrictive markets have chosen to take MFN exemptions on audiovisual services for cultural and linguistic reasons, and on the basis of origin. These exemptions accord preferential treatment to specific countries.

⁶⁸ USDOC, BEA, *Survey of Current Business*, Sept. 1992, pp. 129, 131; Sept. 1993, pp. 153, 155; and Sept. 1994, pp. 135-138.

⁶⁹ A detailed table of commitments on audiovisual services is located in appendix N.

Subject Trading Partner Commitments on Audiovisual Services

Among the subject trading partners, only Japan and Mexico have scheduled industry-specific commitments regarding audiovisual services (table 5-3). None of the subject trading partners scheduled commitments on radio and television services, allowing them to maintain or impose restrictions on the foreign provision of these services. Canada and the European Union listed broad MFN exemptions pertaining to such services (table 5-4).⁷⁰

Canada has reserved the right to accord preferential treatment to firms or individuals from countries with which the central government or the Province of Quebec have concluded co-production agreements. The stated intent of the exemptions is to preserve Canadian and Quebecois cultures. Because Canada listed MFN exemptions, it may maintain and impose measures that are inconsistent with market access and national treatment, as well as grant preferential treatment to firms from certain countries.⁷¹

The European Union and several of its member states also list MFN exemptions with respect to audiovisual services. In marked contrast to the approach of the European Union with respect to other industries, exemptions listed by the European Union itself are more sweeping in nature than those of many member states. One exemption applies to all audiovisual services. The actual measures accompanying the exemption are not identified explicitly, but they are intended to “prevent, correct, or counterbalance adverse, unfair, or unreasonable conditions or actions affecting EC [EU] audiovisual services, products or service providers.” Conditions for imposing the exemption are left equally vague, indicating a “need to protect” the European Union and member states from “adverse, unfair, or unreasonable unilateral actions.” Another exemption, which applies to the distribution of audiovisual works,

indicates that redressive duties may be imposed in response to “unfair pricing practices,” which may cause “serious disruption” to the distribution of European works.⁷²

The European Union extends national treatment only to audiovisual service providers from countries that participated in the Council of Europe Convention on Transfrontier Television⁷³ and other European countries, based on linguistic and European origin criteria.⁷⁴ With respect to distributing and funding audiovisual products, the European Union also reserves the right to accord national treatment only to “countries with which cultural cooperation is desirable.” The European Union has concluded agreements with these

⁷² The original schedules of Austria, Finland, and Sweden did not include these two MFN exemptions. It has not been determined whether Austria, Finland, and Sweden will adopt these measures, as these countries are in the process of reconciling their schedules with the European Union. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995; and Austrian and Finnish officials, interviews by USITC staff, Geneva, July 24, 1995.

⁷³ Countries that ratified the Convention include Cyprus, Finland, France, Germany, Italy, Malta, Norway, Poland, San Marino, Switzerland, Turkey, the United Kingdom, and the Holy See. Countries that signed but did not ratify the Convention, thereby indicating their intent to adopt measures found in the document, include Austria, Greece, Hungary, Liechtenstein, Luxembourg, the Netherlands, Portugal, Spain, and Sweden. Representative of the Council of Europe, telephone interview by USITC staff, Apr. 1995.

⁷⁴ Although American English would pass linguistic criteria, other criteria, such as cultural preservation and European origin, would ultimately override. Each EU member defines its own criteria to determine national origin in accordance with the GATT provision on rules of origin. EU Commission officials, interviews with USITC staff, Brussels, July 19, 1995.

⁷⁰ A detailed table of general MFN exemptions is located in appendix I.

⁷¹ Canada listed broad cultural exemptions under the NAFTA that may maintain restrictions on audiovisual services.

Table 5-3

Highlights of commitments on audiovisual services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	ALL AUDIOVISUAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL AUDIOVISUAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL AUDIOVISUAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL AUDIOVISUAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
European Union ⁵	ALL AUDIOVISUAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL AUDIOVISUAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL AUDIOVISUAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL AUDIOVISUAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Japan	PRODUCTION AND DISTRIBUTION SERVICES: • No limitations	PRODUCTION AND DISTRIBUTION SERVICES: • No limitations	PRODUCTION AND DISTRIBUTION SERVICES: • No limitations	PRODUCTION AND DISTRIBUTION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	BROADCASTING AND PROJECTION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	BROADCASTING AND PROJECTION SERVICES: • No limitations	BROADCASTING AND PROJECTION SERVICES: • No limitations	BROADCASTING AND PROJECTION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	SOUND RECORDING SERVICES: • No limitations	SOUND RECORDING SERVICES: • No limitations	SOUND RECORDING SERVICES: • No limitations	SOUND RECORDING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	RADIO AND TELEVISION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	RADIO AND TELEVISION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	RADIO AND TELEVISION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	RADIO AND TELEVISION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Mexico	PRODUCTION AND DISTRIBUTION SERVICES: • No limitations	PRODUCTION AND DISTRIBUTION SERVICES: • No limitations	PRODUCTION AND DISTRIBUTION SERVICES: • Limited access ³	PRODUCTION AND DISTRIBUTION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	BROADCASTING AND PROJECTION SERVICES: • No limitations	BROADCASTING AND PROJECTION SERVICES: • No limitations	BROADCASTING AND PROJECTION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	BROADCASTING AND PROJECTION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	SOUND RECORDING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	SOUND RECORDING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	SOUND RECORDING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	SOUND RECORDING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	RADIO AND TELEVISION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	RADIO AND TELEVISION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	RADIO AND TELEVISION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	RADIO AND TELEVISION SERVICES: • Limited access ³ • Discriminatory treatment ⁴

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Limited access indicates the presence of market access limitations.

⁴ Discriminatory treatment indicates the presence of national treatment limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

Table 5-4
Most-favored-nation (MFN) exemptions in audiovisual services

Country/Region listing MFN Exemption	Scopes of Audiovisual Services to which Exemption Applies	Description of Measure	Countries Awarded Preference	Duration of Preference	Reason for Listing MFN Exemption
Canada	Production and distribution	Preferential treatment accorded to works and natural persons from preferred countries	All countries with co-production agreements with Canada and Quebec	Indefinite	Preserve Canadian and Quebecois cultures.
European Union	Production and distribution	National treatment in distribution and funding	Countries with which cultural cooperation agreements have been concluded ¹ or with which cultural cooperation may be desirable ²	Indefinite	Promote cultural links.
		Redressive duties against third countries with unfair trade practices against a member country ³	EU member states	Indefinite	Counteract alleged unfair pricing.
		Support for audiovisual and TV works based on European origin criteria	All European ⁴ countries	Indefinite	Promote regional identity.
	Broadcasting and projection	National treatment based on linguistic ⁵ and origin criteria ⁶	Parties to the Council of Europe Convention on Transfrontier Television ⁷ and others.	Indefinite	Promote cultural links and protect cultural heritage.
	All audiovisual services	Not identified ⁸	EU member states	Indefinite	Protect member states from adverse unilateral actions.
<i>Austria</i>	All audiovisual services	National treatment	Members of the Council of Europe and others.	Indefinite	Promote cultural links and protect cultural heritage.
		Preferential treatment with respect to screen-time access	European countries	Indefinite	Promote cultural links and protect cultural heritage.
		Support for audiovisual works based on European origin criteria	European countries	Indefinite	Promote cultural links and protect cultural heritage.
<i>Denmark</i>	Production and distribution	Support for audiovisual works	Finland, Sweden, Norway, and Iceland	Indefinite	Preserve and promote regional identity.
<i>Finland</i>	Production and distribution	Support for audiovisual works	Denmark, Sweden, Norway, and Iceland	Indefinite	Preserve and promote regional identity.
<i>Italy</i>	Projection and broadcasting	Ownership of more than 49 percent granted on the basis of reciprocity	All qualifying countries	Indefinite	Ensure equivalent market access for Italian firms.
<i>Spain</i>	Production and distribution	Waiver of licenses for the distribution of children's films of European origin dubbed in one of the four official languages of Spain ⁹	Parties to the Council of Europe	Indefinite	Promote European cultural values and linguistic objectives.

Table 5-4 (continued)

Country/Region listing MFN Exemption	Scope of Audiovisual Services to which Exemption Applies	Description of Measure	Countries Awarded Preference	Duration of Preference	Reason for Listing MFN Exemption
Sweden	Production and distribution	Support for audiovisual works	All European countries	Indefinite	Preserve and promote regional identity

¹ Agreements already exist, or are being negotiated, with the following countries: Algeria, Angola, Argentina, Australia, Brazil, Burkina Faso, Canada, Cape Verde, Chile, Côte d'Ivoire, Colombia, Cuba, Egypt, Guinea Bissau, India, Israel, Mali, Mexico, Morocco, Mozambique, New Zealand, São Tomé e Príncipe, Senegal, Switzerland, Tunisia, Turkey, Venezuela, and States in Central, Eastern, and Southern Europe.

² There are no specific criteria for "desirable" cultural cooperation. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

³ It has not been determined whether Austria, Finland, and Sweden will adopt these measures. This matter is under negotiation in the process of reconciling their schedules with the EU.

⁴ "European countries" can include any European country, Brussels, July 19, 1995; and Austrian and Finnish officials, interviews by USITC staff, Geneva, July 24, 1995.

⁵ "European countries" can include any European country, within or outside of the European Union, with which cultural links exist.

⁶ Linguistic criteria are determined by each member state. U.S. audiovisual products would satisfy linguistic conditions. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

⁷ Origin criteria are determined by each member state in accordance with GATT provisions on rules of origin. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

⁸ Cyprus, Finland, France, Germany, Italy, Malta, Norway, Poland, San Marino, Switzerland, Turkey, United Kingdom, the Holy See, Austria, Greece, Hungary, Liechtenstein, Luxembourg, the Netherlands, Portugal, Spain, and Sweden.

⁹ Spanish Ministry of Culture official, telephone interview by USITC staff, Sept. 8, 1995. The determination whether a film is suitable for children is made under the jurisdiction of the Ministry of Culture. The official languages of Spain are Castilian, Catalan, Basque, and Galician.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Final list of Article II (MFN) Exemptions (GATS/EL/7), Apr. 1994; GATS, Canada: Final list of Article II (MFN) Exemptions (GATS/EL/16), Apr. 1994; GATS, European Union: Final list of Article II (MFN) Exemptions (GATS/EL/31), Apr. 1994; GATS, Finland: Final list of Article II (MFN) Exemptions (GATS/EL/33), Apr. 1994; GATS, Japan: Final list of Article II (MFN) Exemptions (GATS/EL/46), Apr. 1994; GATS, Mexico: Final list of Article II (MFN) Exemptions (GATS/EL/56), April 1994; GATS, Sweden: Final list of Article II (MFN) Exemptions (GATS/EL/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994-May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

countries.⁷⁵ The criteria are designed to be very flexible to accommodate a wide number of cultural links between EU members and third countries.⁷⁶ Nordic countries⁷⁷ extend additional support to audiovisual works produced in Finland, Sweden, Norway, Denmark, and Iceland. Italy requires reciprocity to allow over 49 percent foreign ownership in broadcasting companies in order to ensure equivalent treatment for Italian companies. Spain may waive its licencing requirements for the distribution of certain dubbed children's films if the service is from another European country. Typically, the stated intent of these MFN exemptions is to promote regional identity, cultural values, and linguistic objectives.⁷⁸

Japan scheduled few restrictions pertaining to foreign provision of most audiovisual services. However, Japan declined to schedule commitments pertaining to radio and television services, permitting it to maintain or impose trade measures inconsistent with market access or national treatment. Japan's schedule also indicates that cross-border provision of motion picture projection services is technically infeasible, effectively placing unbound limitations on foreign provision of such services. Japan places unbound restrictions on the provision of any audiovisual services through natural persons, but cross-industry commitments provide exceptions for intra-corporate transferees and

⁷⁵ Agreements already exist, or are being negotiated with the following countries: Algeria, Angola, Argentina, Australia, Brazil, Burkina Faso, Canada, Cape Verde, Chile, Côte d'Ivoire, Colombia, Cuba, Egypt, Guinea Bissau, India, Israel, Mali, Mexico, Morocco, Mozambique, New Zealand, São Tomé e Príncipe, Senegal, States in Central, Eastern, and Southern Europe, Switzerland, Tunisia, Turkey, and Venezuela.

⁷⁶ EU Commission official, interview by USITC staff, Brussels, July 19, 1995.

⁷⁷ The Nordic countries discussed in this study are Denmark, Finland, and Sweden.

⁷⁸ Each EU member country determines its own applicable cultural and linguistic criteria. EU Commission officials, interview with USITC staff, Brussels, July 19, 1995.

various specialists, who may remain in Japan for 5 years, and other business visitors, who may stay for up to 90 days.

Mexico's schedule is less liberal than that of Japan.⁷⁹ Mexico imposes restrictions on the provision of certain production, distribution, and projection services through a commercial presence, capping foreign investment at 49 percent of registered capital. Cross-industry commitments further constrain foreign investment, prohibiting land ownership within 50 kilometers of coastlines and 100 kilometers of national boundaries.

Foreign-owned enterprises must devote at least 30 percent of their screen time to Mexican films. A permit from the Ministry of the Interior is required to provide film-screening services. Distributors of foreign-produced films must donate a copy of such films to the National Film Library, and for each film screened in Mexico, one copy must be processed in a Mexican laboratory. In addition, the Actor's Union requires that a Mexican national be hired for every foreign individual hired for film-related activities. The Mexican schedule does not address sound-recording services, thereby allowing Mexico to maintain or impose measures inconsistent with full market access and national treatment.

Restrictions on foreign individuals who desire to provide production, distribution, and projection services are unbound. However, Mexican cross-industry commitments on the temporary entry and stay of these individuals appear to provide exceptions. Mexico permits intra-corporate transferees and specialists to remain in-country for 1 year, and permits other business visitors to remain for 90 days.

Industry Opinion

Representatives of the audiovisual industry have expressed concern over the absence of commitments and the many MFN exemptions listed by the European Union, which is the largest

⁷⁹ Mexico has maintained some of the NAFTA restrictions under GATS.

market for U.S. audiovisual services.⁸⁰ According to industry representatives, the MFN exemptions could create a precedent for future restrictions against U.S. audiovisual products and their producers.⁸¹ There is also concern that limits on temporary entry and stay of natural persons could inhibit the industry's ability to participate in the distribution of its products in Europe.

Summary

Among this report's subject trading partners, Japan represents the least restrictive market with respect to audiovisual services. Japan allows U.S. firms to provide audiovisual services in Japan through a commercial presence. Mexico lists many more restrictions than Japan and is the second least restrictive trading partner discussed. By contrast, the markets for audiovisual services in the European Union and Canada appear very restrictive because they did not schedule commitments on audiovisual services. In addition, MFN exemptions listed by the European Union restrict the access of U.S. audiovisual service providers to their largest export market, and may

⁸⁰ Industry representatives, interviews by USITC staff, Washington, DC, Feb. 7, 9, 1995.

⁸¹ Although MFN exemptions are supposed to last only 10 years, experts agree that the language in the GATS pertaining to MFN exemptions is not sufficiently specific enough to be legally binding. WTO officials, interviews by USITC staff, Geneva, July 24-25, 1995.

provide means to place new trade barriers on U.S. film makers and distributors. Moreover, MFN exemptions reduce regulatory transparency and impede effective benchmarking. In many instances, the nature of the measures applied to foreign service providers are not specified. Consequently, it appears that Canadian and EU regulators may impede trade in audiovisual services largely at their discretion.

In spite of extensive MFN exemptions, restrictions on the provision of audiovisual services likely will erode over time. The commitments, together with the Annex on the Negotiations on Basic Telecommunications, permit the provision of audiovisual services over telecommunication networks and ubiquitous information networks. This, in combination with technological advances, global networking, and the deregulation of information networks, may limit the applicability of audiovisual restrictions on U.S. service suppliers.

With respect to the temporary entry and stay of natural persons, Japan and Mexico provide relatively liberal environments. Mexico and Japan allow intra-corporate transferees and specialists to remain in their countries for 1 and 5 years, respectively, and both allow other business visitors, including those negotiating contracts and the establishment of affiliates, to remain in-country for 90 days. Because the European Union and Canada did not schedule industry-specific commitments with respect to audiovisual services, their provisions for the temporary entry and stay of natural persons do not apply.

CHAPTER 6

Health Care Services

Introduction¹

The health care services covered in this report include those performed by hospitals and hospital management companies; offices and clinics of medical doctors and other health service professionals; nursing homes; home health care facilities; health maintenance organizations;² medical and dental laboratories; kidney dialysis centers; and specialty outpatient facilities.³

Nature of International Trade in Health Care Services

Trade in this sector comprises both cross-border transactions and sales by affiliates located in foreign markets. Cross-border exports largely consist of U.S. treatment of foreign persons in the United States by hospitals, clinics, medical doctors, and other health care service professionals. Cross-border imports comprise the

treatment of U.S. citizens overseas by foreign hospitals and doctors.⁴ Trade through affiliates includes health care services provided to foreign persons by majority-owned, foreign-based affiliates of U.S. hospital management companies, and services provided to U.S. persons by majority-owned, U.S.-based affiliates of foreign hospital management companies. Both limitations on commercial presence and presence of natural persons affect sales by affiliates. U.S. cross-border transactions and affiliate transactions are roughly equivalent in value.

Cross-Border Transactions

In 1993, the largest markets for U.S. cross-border exports of health care services were Canada, the United Kingdom, Germany, France, Australia, and Mexico (figure 6-1). The superior facilities of U.S. hospitals and the acclaim of U.S. specialists have long attracted upper-income patients from the three largest European countries. Moreover, the appreciation of the French franc and Deutschmark relative to the U.S. dollar during the period increased the number of French and German consumers who could afford to obtain health care services in the United States.⁵ The

¹ Among the individuals consulted by USITC staff in preparation of this report were those affiliated with the following organizations: Mayo Clinic; Johns Hopkins University Hospital; Massachusetts General Hospital; UCLA Medical Center; Healthtrust; Hillhaven; Manor Healthcare; Tenet Healthcare; Charter Medical; Pacific Health; Paracelsus Healthcare; Beverly Enterprises; Humana; Columbia/HCA Healthcare; FHP International; American Hospital Association; Federation of American Health Systems; the Health Care Financing Administration; and the Census Bureau, the International Trade Administration, and the Bureau of Economic Analysis (BEA), U.S. Department of Commerce (USDOC).

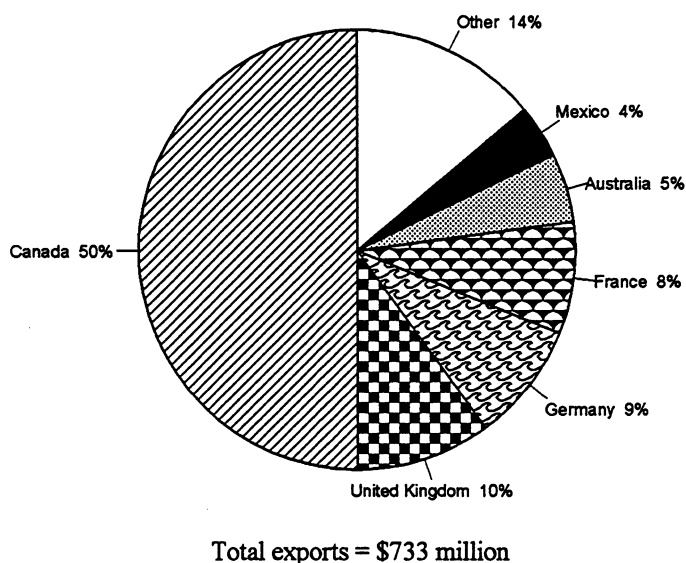
² Includes health maintenance organizations (HMOs) and similar organizations engaged in providing medical or other health care services to members. However, health care services do not include HMOs that limit services to the provision of insurance against hospitalization or medical costs.

³ These health care services are classified under the U.S. Standard Industrial Classification code 80.

⁴ Cross-border health care service transactions therefore correspond to consumption abroad in the General Agreement on Trade in Services (GATS) terminology.

⁵ During 1989-93, the exchange value of German marks per U.S. dollar declined from 1.6978 to 1.6533 and the exchange value of French francs per U.S. dollar declined from 6.3801 to 5.6632, reflecting the declining value of the dollar in relationship to those currencies. International Monetary Fund (IMF), *International Financial Statistics* (Washington, DC: IMF, Feb. 1995), pp. 236 and 248.

Figure 6-1
Health care services: Cross-border exports by principal market, 1993



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

proximity of Canada and Mexico to the United States facilitated U.S. cross-border exports to those countries.⁶

U.S. cross-border exports of health care services grew at an average annual rate of 6 percent during 1989-93, increasing from \$588 million in 1989 to \$733 million in 1993 (figure 6-2).⁷ Such exports represented less than 1 percent of total U.S. cross-border service exports in 1993. Steadily increasing receipts of U.S. hospitals, clinics, and medical doctors for the

treatment of foreign nationals accounted for virtually all of the increase in exports.⁸

Cross-border imports of health care services increased unevenly at an average annual rate of 12 percent during the period, from \$300 million in 1989 to \$480 million in 1993. A significant amount of the increase was due to a rise in the number of U.S. tourists obtaining treatment from foreign health service providers while traveling abroad during the period.⁹

The U.S. surplus in cross-border trade decreased at an average annual rate of 3 percent during 1989-93 to \$253 million. This represented less than 1 percent of the total cross-border surplus in services trade.

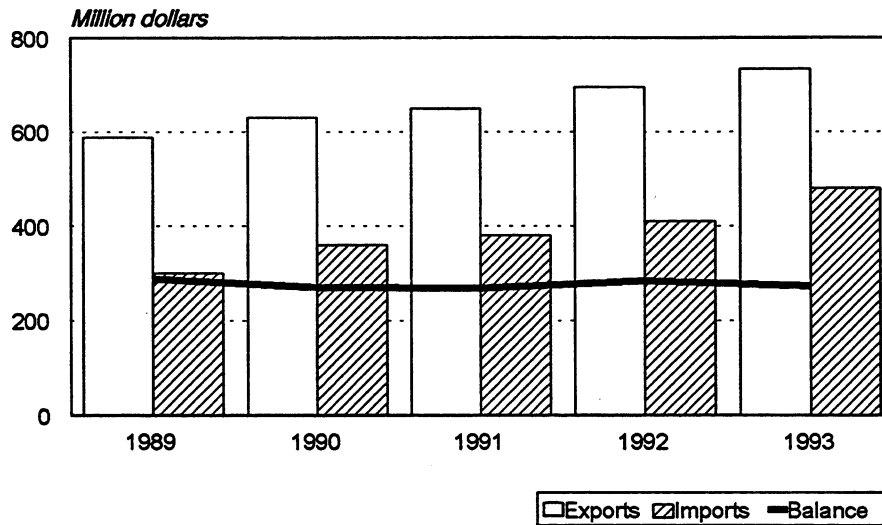
⁶ Officials of several U.S.-based hospital chains estimated that 10 to 15 percent of the patients treated in their hospitals located in cities on or near major border points between the United States, Canada, and Mexico (such as Detroit, Seattle, El Paso, and San Diego), were from the neighboring country. U.S. industry officials, interviews by USITC staff, Los Angeles, Long Beach, and Santa Monica, CA, June 12-15, 1995.

⁷ USDOC, BEA, *Survey of Current Business*, Sept. 1994, p. 101.

⁸ Industry representative, interview by USITC staff, Feb. 2, 1995; and U.S. health care industry officials, telephone interviews by USITC staff, Jan. 19 and Feb. 15, 1995.

⁹ Ibid.; and USITC staff estimates.

Figure 6-2
Health care services: Cross-border exports, imports, and trade balance, 1989-93



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994, and USITC staff estimates.

Sales by Majority-Owned Affiliates

In 1992, the largest markets for sales by majority-owned, foreign affiliates of U.S. health care service firms were the United Kingdom, Switzerland, Canada, Germany, Mexico, Japan, Spain, and Saudi Arabia (figure 6-3).¹⁰ The United Kingdom accounted for more than one-third of such exports as several of the largest U.S. hospital management companies, including Columbia/HCA Healthcare Corp., Tenet Healthcare Corp., and Charter Medical Corp., provided services through a number of wholly- and majority-owned affiliates located in that country.¹¹ Liberalization of the National Health Service in the United Kingdom during 1991-92 permitted reimbursement for privately supplied health care services, thereby increasing sales incentives for investor-owned health care

companies, including U.S. companies.¹² These hospital management companies also owned and operated several general and psychiatric hospitals in Switzerland, which is an attractive market due to liberal investment laws and relatively high per capita income.¹³

U.S. investments in Canadian and Mexican health care facilities have increased due to relaxation of previously rigid Provincial and state

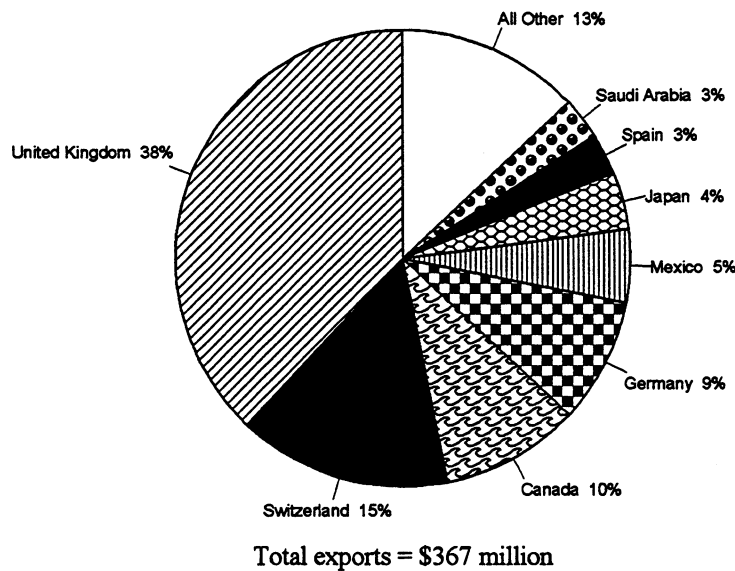
¹⁰ USDOC, BEA, *Survey of Current Business*, Sept. 1994, p. 136.

¹¹ Industry representatives, telephone interviews by USITC staff, Jan. and Feb. 1995.

¹² National Health Service (NHS) official, interview by USITC staff, Reading, United Kingdom, Dec. 19, 1993; industry representatives, telephone interviews by USITC staff, Jan. and Feb. 1995; Ray Robinson and Julian LeGrand, eds., *Evaluating the NHS Reforms* (New Brunswick: Transaction Books and the Kings Fund Institute, 1994), p. 1; and Peter Orton, *UK Health Care: The Facts* (Kluwer Academic Publishers, 1994), pp. 1-58.

¹³ Federation of American Health Systems (FAHS), *Directory of Investor-Owned Hospitals, Hospital Management Companies and Health Systems, Residential Treatment Facilities and Centers, and Key Management Personnel* (Little Rock: FAHS Review, 1995), pp. 156-244.

Figure 6-3
 Health care services: Sales by majority-owned U.S. firms by principal market, 1992



Source: USITC staff estimates and U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

foreign investment rules as a result of the North American Free-Trade Agreement (NAFTA).¹⁴ ScrippsHealth, a California-based hospital company, has initiated a partnership to operate hospitals and outpatient facilities in several sites on the Baja peninsula and in Guadalajara, Mexico, to provide American-style health care services to a growing expatriate community of retired U.S. citizens.¹⁵ In addition, the growth of the middle class in Mexico has increased the number of citizens of that country who can purchase advanced health care services, thereby increasing opportunities for U.S. health care companies.¹⁶

Most health care exports to Japan are accounted for by the Japan-based affiliate of a

leading U.S. nursing care company, Beverly Enterprises, which owns and operates six long-term care facilities in Japan.¹⁷ The company has benefited from a dramatic increase in the over-65-year-old population in Japan and a dearth of nursing homes and other long-term care facilities in that country. Japan's nursing home market is less stringently regulated than the hospital market, allowing foreign firms freer market access to the former.¹⁸

Sales by foreign-based affiliates of U.S. health care service companies declined by an average annual rate of 35 percent from \$690 million in 1989 to \$295 million in 1991 before rising by 24 percent to \$367 million in 1992 (figure 6-4).¹⁹ This represented less than 1 percent of total

¹⁴ U.S. Government officials and industry representatives, telephone interviews by USITC staff, Jan. and Feb. 1995.

¹⁵ Industry representatives, interviews by USITC staff, Los Angeles, Santa Monica, and Long Beach, CA, June 12-15, 1995.

¹⁶ *Ibid.*; and Mexican Government officials and U.S. health care industry analysts, telephone interviews by USITC staff, Oct. 1994 and Apr. 1995.

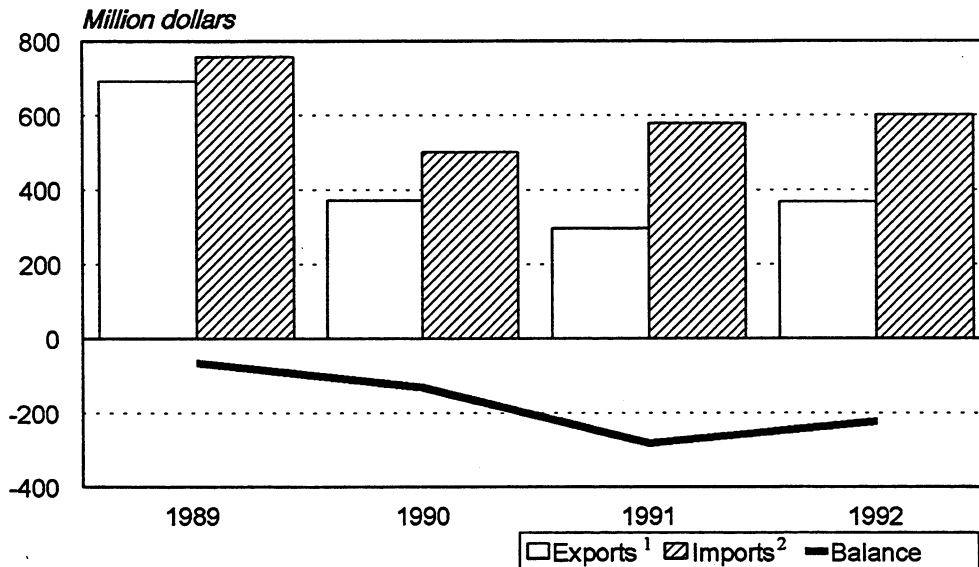
¹⁷ Industry representative, interview by USITC staff, Washington, DC, Mar. 10, 1995.

¹⁸ U.S. and Japanese health care industry representatives and analysts, telephone interviews by USITC staff, June 19 and 20, 1995.

¹⁹ USDOC, BEA, *Survey of Current Business*, Sept. 1992, pp. 129, 131; Sept. 1993, pp. 153, 155; and Sept. 1994, pp. 135-38.

Figure 6-4

Health care service sales by majority-owned affiliates: Exports, imports, and trade balance, 1989-92



¹ Exports comprise sales to foreign persons by foreign-based, majority-owned affiliates of U.S. firms.

² Imports comprise sales to U.S. persons by U.S.-based, majority-owned affiliates of foreign firms.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1992 and Sept. 1994.

service exports through affiliates. Much of the decline in exports during the earlier part of the period resulted from disinvestment in foreign facilities by major U.S. hospital management companies as they reorganized to meet rapidly changing conditions in an increasingly competitive U.S. market.²⁰ After completing reorganizations, several U.S. hospital management companies and one major U.S.-based nursing

²⁰ Rapidly rising health care costs in the United States led to a number of government and insurance efforts to contain the growth in such costs through managed care. This, in turn, led to a number of mergers, reorganizations, and changes in strategic focus in the health care sector, causing some major U.S. health care companies to reduce overseas holdings at the beginning of the period. However, after these companies had adjusted to the new market conditions, they resumed investments in overseas markets. U.S. and European government officials and industry representatives, telephone interviews by USITC staff, Apr.-Dec. 1994 and Jan.-Aug. 1995.

home chain began reinvesting in overseas affiliates in 1992.²¹

During the same period, U.S. imports (receipts by U.S.-based affiliates of foreign health care service firms) declined by 34 percent from \$756 million in 1989 to \$500 million in 1990, before increasing at an average annual rate of 10 percent to \$600 million in 1992 (figure 6-4). Much of the increase can be attributed to U.S. affiliates of Paracelsus, a German hospital management company, and a chain of hospitals owned by the Ramsey Group, an Australian company, in the United States.²² These foreign-

²¹ Industry analysts and representatives, telephone interviews by USITC staff, Jan. 18-20, 1995.

²² Pacific Health Corp., a subsidiary of a smaller German-based hospital company, which owns 12 general hospitals in Germany, also owns five hospitals in the United States. Industry official, interview by USITC staff, Long Beach, CA, June 13, 1995.

owned firms benefited from rapidly increasing health care expenditures in the U.S. market.²³ The U.S. deficit in affiliate transactions increased at an average annual rate of 52 percent during the period, from \$66 million in 1989 to \$233 million in 1992 (figure 6-4) as the growth of health care costs in the United States far exceeded that in major foreign markets.²⁴

Examination of Commitments on Health Care Services

Overview

As indicated in the previous section, health care services are primarily traded by consumption abroad and sales by foreign affiliates. The principal barriers to trade in health care services are limitations on the establishment of a commercial presence and the presence of natural persons.²⁵ There are minimal limitations on consumption abroad or on the cross-border supply of health care services.²⁶ Therefore, this section will focus on examining foreign commitments pertaining to commercial presence and presence of natural persons where foreign restrictions have the

greatest potential effect on U.S. exports of health care services.

Most foreign limitations with respect to commercial presence and presence of natural persons appear in the GATS as economic-need requirements; discriminatory licensing of health care providers; inconsistent state and Provincial requirements; investment, ownership, and immigration restrictions; and subsidies to favored health care firms (table 6-1).²⁷

Economic-need requirements are major investment barriers²⁸ in most of the subject trading partners. These requirements take into account current population characteristics and health care service capabilities.²⁹ In addition, all subject trading partners maintain limitations pertaining to the registration and certification of medical facilities and personnel and the requirements for practicing medicine.³⁰

Cross-industry commitments indicate that local authorities consider local interests before authorizing foreign persons or companies to acquire property and before allowing foreign concerns to invest in corporate entities.³¹ In certain countries, foreign acquisitions of the stock of newly privatized companies may be limited if

²³ U.S. and German health care industry officials, telephone interviews by USITC staff, Jan. 18-20, 1995.

²⁴ Organization for Economic Co-operation and Development (OECD), *Health Data* (Paris: OECD, 1993); and *OECD Statistics on the Member Countries in Figures: Supplement to the OECD OBSERVER*, June/July 1994, pp. 44-45.

²⁵ U.S. Government officials and industry representatives, in-person and telephone interviews by USITC staff, Mar. 1995.

²⁶ Although some trading partners' GATS commitments placed limitations on the cross-border supply of health care services, U.S. industry officials indicate that barriers in that mode are minimal and are not expected to significantly affect U.S. global competitiveness in the health care sector. U.S. industry analysts and officials, telephone interviews by USITC staff, and interviews by USITC staff, Washington, DC, Jan.-Mar. 1995.

²⁷ A detailed table of commitments on health care services is located in appendix O.

²⁸ Industry representatives, telephone interviews by USITC staff, Apr.-Dec. 1994 and Jan.-July 1995.

²⁹ In the European Union, most economic-need limitations are based on member states' laws. Economic-need tests may be qualitative or quantitative. For example, types of restrictions include a limit on the number of beds or doctors per population base. EU Commission official, interview by USITC staff, Brussels, July 19, 1995.

³⁰ EU officials confirm that there are different requirements in testing credentials and academic diplomas for EU and non-EU health care professionals and institutions. Many of these requirements are easier to meet for EU than for U.S. and other non-EU persons and entities. EU Commission official, interview by USITC staff, Brussels, July 19, 1995.

³¹ A detailed table of cross-industry commitments is located in appendix H.

Table 6-1
Highlights of commitments on health care services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	ALL HEALTH CARE SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL HEALTH CARE SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL HEALTH CARE SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL HEALTH CARE SERVICES: • Limited access ³ • Discriminatory treatment ⁴
European Union ²	MEDICAL AND DENTAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL AND DENTAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL AND DENTAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL AND DENTAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	VETERINARY SERVICES: • No limitations	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	HOSPITAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	HOSPITAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	HOSPITAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	HOSPITAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • No limitations	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴
	MEDICAL SPECIALTY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL SPECIALTY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL SPECIALTY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL SPECIALTY SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Japan	MEDICAL AND DENTAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL AND DENTAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL AND DENTAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL AND DENTAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	HOSPITAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	HOSPITAL SERVICES: • No limitations	HOSPITAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	HOSPITAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴
	MEDICAL SPECIALTY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL SPECIALTY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL SPECIALTY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL SPECIALTY SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Mexico	MEDICAL AND DENTAL SERVICES: • No limitations	MEDICAL AND DENTAL SERVICES: • No limitations	MEDICAL AND DENTAL SERVICES: • Limited access ³	MEDICAL AND DENTAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴

Table 6-1 (continued)
Highlights of commitments on health care services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Mexico (continued)	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	VETERINARY SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	HOSPITAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	HOSPITAL SERVICES: • No limitations	HOSPITAL SERVICES: • Limited access ³	HOSPITAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: • Limited access ³ • Discriminatory treatment ⁴
	MEDICAL SPECIALTY SERVICES: • Limited access ³ • Discriminatory treatment ⁴	MEDICAL SPECIALTY SERVICES: • No limitations	MEDICAL SPECIALTY SERVICES: • Limited access ³	MEDICAL SPECIALTY SERVICES: • Limited access ³ • Discriminatory treatment ⁴

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Limited access indicates the presence of market access limitations.

⁴ Discriminatory treatment indicates the presence of national treatment limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

total foreign investment exceeds more than a specified portion of total investment or equity. Finally, some trading partners provide subsidies to favored health care firms.

Subject Trading Partner Commitments on Health Care Services

Canada continues to have measures that make it difficult for U.S. health care companies to establish a commercial presence in its market.³² Canada scheduled no GATS commitments on any health care services and therefore has reserved the right to maintain, change, or add restrictions in the future. Although Canada operates under a

³² Industry analysts and representatives, interviews by USITC staff, Washington, DC; and Santa Monica, Long Beach, Fountain View, and Los Angeles, CA, Mar. 8-10 and June 12-15, 1995.

national health care system, Provincial governments maintain significant powers over the actual administration of the system and health care reimbursement policies within their own jurisdictions.³³ The administrative structure and policies of the Canadian health care system were not affected by the NAFTA.³⁴

³³ Canadian Government official, telephone interview by USITC staff, June 22, 1995; Joseph White, *Competing Solutions: American Health Care Proposals and International Experience* (Washington, DC: The Brookings Institution, 1995), pp. 61-90; and Theodore R. Marmor, "Health Care Reform in the United States: Patterns of Fact and Fiction in the Use of Canadian Experience," *American Review of Canadian Studies*, Spring 1993, pp. 47-64.

³⁴ Ibid.; and Anne Crichton, Ph.D. and David Hsu, M.D., *Canada's Health Care System: Its Funding and Organization* (Ottawa: Canadian Hospital Association Press, 1990), pp. 27-48.

U.S. companies also find it difficult to establish a commercial presence in the European Union (EU).³⁵ All EU member states maintain some form of economic-need limitation on the establishment of new hospital facilities.³⁶ Sweden, for example, maintains economic-need limitations on the number of private medical service practices that may be subsidized through its social security health care reimbursement system. In France, Italy, Luxembourg, the Netherlands, and Spain, the construction or expansion of hospital facilities is limited by a health services plan that identifies local needs.

Almost every EU member state includes language in its cross-industry commitments that it favors local over foreign interests in the establishment of a commercial presence. Less favorable treatment may be extended to foreign persons or entities with respect to acquiring real estate or investing in health care concerns. In Austria, for example, cross-industry commitments affecting all health care sectors require authorities to consider local interests before authorizing foreign persons or companies to acquire property and before allowing foreign concerns to invest in corporate entities.

In France, foreign acquisitions of the stock of newly privatized companies may be limited if total foreign investment exceeds one-third of total investment or 20 percent of total equity. All member states of the European Union, except the Netherlands and Luxembourg, maintain similar types of cross-industry investment limitations. In most EU countries, pharmacists retain their monopoly on the distribution of pharmaceutical

goods,³⁷ thus precluding other health care sectors from providing such services.³⁸

EU member states also maintain significant limitations with respect to the presence of natural persons.³⁹ Recognition by EU member states of foreign medical licenses has been a major obstacle for U.S. hospitals and other health care firms.⁴⁰ EU limitations in this area remain unbound. Sweden was the only EU member state to express explicitly such limitations on the recognition of foreign medical and dental licenses in its commitments. Provisions for the temporary entry and stay of certain executives and specialists are listed in the EU's cross-industry commitments. Certain health care providers may fall under these categories. However, the European Union left all length-of-stay limitations applicable to health care services to individual member states, leaving the effect of the cross-industry commitments unclear.

Japan also maintains measures that make it difficult for U.S. health care companies to establish a commercial presence in its market.⁴¹ Although not explicitly stated in its commitments, Japan still limits ownership of hospitals and clinics to Japanese-licensed physicians or groups of persons of whom at least one member is a

³⁵ Industry representatives, interviews by USITC staff, Los Angeles, Santa Monica, and Long Beach, CA, June 12-15, 1995; and U.S. health care officials and industry representatives, telephone interviews by USITC staff, Nashville, TN, Louisville, KY, and Fort Smith, AR, June 19-20, 1995.

³⁶ Joseph White, *Competing Solutions*, pp. 61-127.

³⁷ The European Union and its member states were the only trading partners to schedule commitments for pharmacists under health care. Because pharmaceutical services do not always fall under the same area, the European Union created its own category for pharmacists, combining regulations from both health care and distribution services. EU Commission official, interview by USITC staff, Brussels, July 19, 1995.

³⁸ Industry analyst, interview by USITC staff, Paris, July 21, 1995.

³⁹ Industry analysts and representatives, interviews by USITC staff, Washington, DC; and Los Angeles, Santa Monica, and Long Beach, CA, Mar. 8-10 and June 12-15, 1995.

⁴⁰ Industry representatives, telephone interviews by USITC staff, 1994 and 1995.

⁴¹ Industry analysts and representatives, interviews by USITC staff, Washington, DC, and Los Angeles, CA, Mar. 8-10 and June 12-15, 1995.

Japanese-licensed doctor.⁴² Further, investor-owned hospitals that are operated for profit are prohibited.⁴³ For these reasons, U.S. hospital companies have not established a presence in Japan.⁴⁴ Because these limitations are not expressed in its commitments, the Japanese schedule lacks transparency. Beverly Enterprises, which operates in the much less restricted Japanese nursing home sector, is the only known U.S. company that has established a presence in that country's health care market.⁴⁵

Mexico maintains trade limitations that significantly affect the presence of natural persons.⁴⁶ Mexico's limitations on the presence of natural persons remain unbound. Other restrictions are related to the registration and certification of medical facilities and personnel (including doctors, dentists, nurses, and veterinarians), and requirements for practicing medicine. Mexico's schedule indicates that doctors are subject to special licensing requirements, but fails to provide detail regarding

these requirements. U.S. industry officials indicate that current practices limit the ability of U.S.-licensed health care professionals to provide services in Mexico.⁴⁷ Industry sources state that NAFTA has not had any effect on such limitations.⁴⁸

Industry Opinion

U.S. industry is generally pleased with the GATS commitments in the health care sector.⁴⁹ Although most of the commitments offered by the major U.S. trading partners maintain preexisting regulations and restrictions, U.S. industry officials assert that such commitments likely will be of significant benefit to the U.S. health care service industry because many enhance the transparency of rules and regulations.⁵⁰ Furthermore, a number of U.S. Government and industry officials believe that the GATS commitments will facilitate future efforts to liberalize trade in health care services.⁵¹

Summary

Despite the industry's optimism, certain limitations maintained by major trading partners likely will continue to have an adverse impact on U.S. health care providers. Investment restrictions imposed by most subject trading partners have limited U.S. affiliate trade in this sector to only a handful of the largest U.S. hospital management companies and one nursing home chain.⁵² Japan appears to maintain the most restrictive investment limitations in the health care sector. As noted, hospitals and clinics must be owned and managed by Japanese-licensed physicians, and Japan

⁴² In order to establish a hospital pursuant to the provisions of Article 39 of the *Medical Service Law* in Japan, it is required that at least two Japan-licensed physicians form a not-for-profit entity known as an *Iryohojin*. Although foreigners may be members of the *Iryohojin*, they are required to be registered with the Japanese Government. Because of these restrictions, all Japanese hospitals are controlled and operated by Japanese doctors. Japan Ministry of Health and Welfare official, telephone interview by USITC staff, June 21, 1995; and U.S. Government officials, telephone interviews by USITC staff, June 21, 1995.

⁴³ Naoki Ikegami, "The Economics of Health Care in Japan," *Science*, Oct. 23, 1995, p. 614; and Japanese Government official, telephone interview by USITC staff, Aug. 8, 1995.

⁴⁴ Industry analysts and representatives, interviews by USITC staff, Washington, DC, and Los Angeles and Santa Monica, CA, Mar. 8-10 and June 12-15, 1995.

⁴⁵ U.S. and Japanese industry analysts, telephone interviews by USITC staff, Oct. 1994 and June 1995.

⁴⁶ Industry representatives, telephone interviews by USITC staff, 1994 and 1995; and industry representatives, interviews by USITC staff, Washington, DC, and Los Angeles, CA, Mar. 10 and June 12-15, 1995.

⁴⁷ *Ibid.*

⁴⁸ *Ibid.*

⁴⁹ Industry representatives, in-person and telephone interviews by USITC staff, Jan.-June 1995.

⁵⁰ *Ibid.*

⁵¹ U.S. Government and industry officials, telephone interviews by USITC staff, Feb. 2, Mar. 31, and Apr. 18, 1995.

⁵² Industry analysts, interviews by USITC staff, Mar. 10, 1995; and FAHS, *Directory of Investor-Owned Hospitals*, pp. 156-244.

prohibits the establishment of investor-owned hospitals that are operated for profit.⁵³ Investment limitations in certain EU countries such as France, Italy, and Spain also effectively curtail investment in their markets by U.S. health care firms.⁵⁴ Such limitations may place significant burdens on U.S. health care companies since both the European Union and Japan represent leading markets for U.S. exports of health care services. Japan's market for health care services is one of the fastest growing of all of the developed economies.⁵⁵

Finally, the various registration and certification provisions maintained by all subject trading partners on doctors, dentists, and other health care service professionals constitute additional burdens on hospital management companies and nursing home chains⁵⁶ that often employ, or would like to employ, U.S. or third-country health care specialists in foreign-based facilities.⁵⁷ Cross-industry commitments on the

temporary entry and stay of personnel are not explicit enough to determine whether they will positively affect health care personnel. In addition, no cross-industry commitments address the temporary entry and stay of independent (not associated with a corporation) health care providers.

Cross-border exports should represent a growing portion of total health care service trade as incomes rise and travel to the United States increases.⁵⁸ However, the most significant opportunities for expanded health care service exports stem from the potential liberalization of rules and regulations that presently place limitations on the provision of health care services through both commercial presence and the presence of natural persons. Barriers to the provision of services through these modes of supply remain relatively high.⁵⁹

Many of the GATS commitments in the health care sector should be of value to the U.S. health care industry. However, there remain problems. For example, since it made no commitments in this area, Canada's schedule does not provide effective benchmarks; it provides no indication of the nature or extent of trade restrictions in health care. Further, the commitments scheduled by Japan and Mexico lack transparency. EU-wide commitments represent the biggest improvement in terms of transparency and benchmarking.⁶⁰

⁵³ Industry analysts and representatives, telephone interviews by USITC staff, Washington, DC; and Los Angeles, Santa Monica, and Pasadena, CA, Mar. 8-10 and June 12-15; Ikegami, "The Economics of Healthcare in Japan," and OECD, "Japan," ch. in *The Reform of Health Care Systems: A Review of Seventeen OECD Countries* (Paris: OECD, 1994), pp. 205-218.

⁵⁴ *Ibid.*; and Victor G. Rodwine and Simone Sandier, "Health Care Under French National Health Insurance," *Health Affairs*, Fall 1993, pp. 111-126.

⁵⁵ Japanese Ministry of Health and Welfare official, telephone interview by USITC staff, Mar. 29, 1995.

⁵⁶ Despite such limitations, there is no evidence that the U.S. Government or industry has pursued mutual recognition agreements in this area. Industry representatives, telephone interviews by USITC staff, Jan.-Mar. 1995.

⁵⁷ The OECD is encouraging western countries to speed up efforts to inventory various national regulations pertaining to the movement of natural persons to provide a basis for further liberalization of the GATS in this area. OECD representative, telephone interview by USITC staff, Paris, July 20, 1995.

⁵⁸ Industry representatives, telephone interviews and in-person interviews by USITC staff, Washington, DC, Jan.-Mar. 1995.

⁵⁹ *Ibid.*

⁶⁰ U.S. Government officials and industry representatives, in-person and telephone interviews by USITC staff, Feb. 2, Mar. 31, and Apr. 18, 1995.

CHAPTER 7

Professional Services

The professional service industries treated in this report include accounting services; architectural, engineering, integrated engineering, and construction services; advertising services; and legal services. These diverse industries provide professional expertise, information, and counsel to individuals, business and government establishments, and other organizations.

Professional service industries have sustained very substantial growth with respect to the value of U.S. exports in recent years, and it is projected that such growth will continue for the foreseeable future. As evidenced by the following discussion, especially significant is the growth of trade conducted through foreign-based affiliates of U.S. professional service providers.

Accounting Services¹

Introduction

Accounting firms often provide accounting services in conjunction with auditing, bookkeeping, tax consultation and tax representation, management consulting, and legal services. The boundaries separating accounting and these related services often are not clearly defined. As a result, the following discussion of trade data addresses these related services. However, the analysis of the commitments will focus on accounting services only.

Nature of International Trade in Accounting and Related Services

International trade in accounting services principally transpires as sales through foreign-

¹ Among the individuals consulted by USITC staff in preparation of this report were those affiliated with the following organizations: Arthur Andersen and Company, the Federation des Experts Comptables Européens (FEE), the International Federation of Accountants (IFA), and Price Waterhouse EC Services, SA.

based affiliates. Reflecting the close relationship between accounting and other services, trade data on sales by affiliates reflect revenues generated by accounting, bookkeeping, auditing, research, management, and other related services.² By contrast, trade data on cross-border transactions reflect accounting, auditing, and bookkeeping services only.

U.S. accounting firms began to establish operations in foreign markets after the Second World War in order to continue business relationships that had originated in the United States. Accounting professionals believe that clients are best served through development of an intimate knowledge of local market conditions. In addition, there are fewer legal restrictions on servicing clients locally rather than across borders.³ Client firms operating abroad appreciate the convenience of working overseas with the same accounting firms that they use domestically. Foreign operations are established through wholly-owned branches or subsidiaries located abroad, or through creation of partnerships or other affiliations with local firms in foreign markets. In a partnership arrangement, the foreign firm is generally owned by the foreign partners, not by the multinational firm with which it is affiliated.⁴

² These trade data include services under U.S. Standard Industrial Classification (SIC) codes 872, accounting, auditing, and bookkeeping services; 873, research, development, and testing services; and 874, management and public relations services. The trade information that follows is provided by U.S. Department of Commerce (USDOC), Bureau of Economic Analysis (BEA), *Survey of Current Business*.

³ Industry representatives, interviews by USITC staff, Washington, DC, May 25, 1995.

⁴ Because in a partnership arrangement the national firm is owned by the local partners and not by the U.S. multinational, sales by the firm are not recorded in U.S. trade statistics as exports through sales by U.S. affiliates. As a result, such data may underestimate U.S. involvement overseas. Industry

(continued...)

Sales by Majority-Owned Affiliates

U.S. sales of accounting and related services through foreign-based affiliates greatly exceed U.S. purchases of these services from U.S.-based affiliates of foreign firms. In 1992, U.S. affiliates' sales of such services totaled \$5.4 billion, accounting for nearly 4 percent of total service exports by all majority-owned foreign affiliates of U.S. companies. This compares to \$1.1 billion in imports of accounting and related services from U.S.-based affiliates of foreign firms, or less than 1 percent of total U.S. services imports through affiliates. The United Kingdom was the largest market for U.S. sales of accounting and related services in 1992, accounting for approximately 24 percent of such exports, followed by Germany (11 percent), Japan (6 percent), France (6 percent), and Switzerland (5 percent) (figure 7-1). U.S.-based affiliates of British firms were the leading suppliers of such services to the United States in 1992, accounting for 41 percent of U.S. imports. European countries jointly accounted for 77 percent of all U.S. imports of such services.⁵

The U.S. trade surplus in sales of accounting and related services through majority-owned affiliates grew from \$2.7 billion in 1989 to \$4.3 billion in 1992 largely as a result of increasing activity by U.S. multinational accounting firms in growing foreign markets (figure 7-2). During this period, U.S. sales increased by an average annual rate of 11 percent while U.S. purchases declined by an average annual rate of 4 percent.⁶

International trade in accounting services should continue to grow as firms operating internationally require the services of professionals to prepare worldwide accounting records and reports, and to provide expertise in such accounting-related fields as auditing, tax

preparation, and management consulting.⁷ Because U.S. multinational accounting firms are among the largest and most competitive in the global market, these firms are expected to be among the principal beneficiaries of increasing trade volume.⁸

Cross-Border Transactions

Cross-border trade data pertaining to accounting services reflect all services delivered by mail or through information networks, or by the temporary entry of an accountant to provide services to foreign clients. U.S. cross-border exports of accounting, auditing, and bookkeeping services totaled \$150 million, or less than 1 percent of total U.S. service exports, in 1993. U.S. cross-border imports of these services totaled \$97 million in 1993. The U.S. surplus on cross-border trade in these services decreased from \$102 million in 1989 to \$53 million in 1993 (figure 7-3).⁹ U.S. exports increased by an annual average of 5 percent and U.S. imports increased by an annual average of 46 percent during this period.

Examination of Commitments on Accounting Services

Overview

As noted, most U.S. exports of accounting services are recorded by foreign affiliates of U.S. firms. Some of the more significant policies that affect affiliate sales of accounting services include limitations on international payments, mobility of personnel, transfer of technology and information, nationality of personnel, professional certification and entry, intercorporate relationships, and use of

⁴ (...continued)
representatives, interviews by USITC staff,
Washington, DC, May 25, 1995.

⁵ USDOC, BEA, *Survey of Current Business*, Sept. 1994, pp. 135-138.

⁶ *Ibid.*, and USDOC, BEA, *Survey of Current Business*, Sept. 1993, pp. 129, 131.

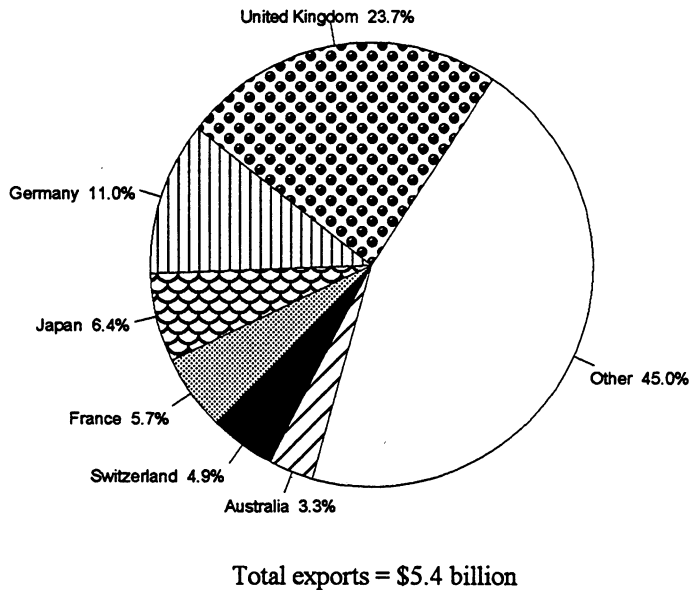
⁷ David L. McKee and Don E. Garner, *Accounting Services, the International Economy and Third World Development* (Westport, CT: Praeger Pub., 1992), p. 107.

⁸ Richard Greene and Katherine Barrett, "Auditing the Accounting Firms," *Financial World*, Sept. 27, 1994, p. 31.

⁹ USDOC, BEA, *Survey of Current Business*, Sept. 1994, pp. 126-133 and Sept., 1993, pp. 144-145.

Figure 7-1

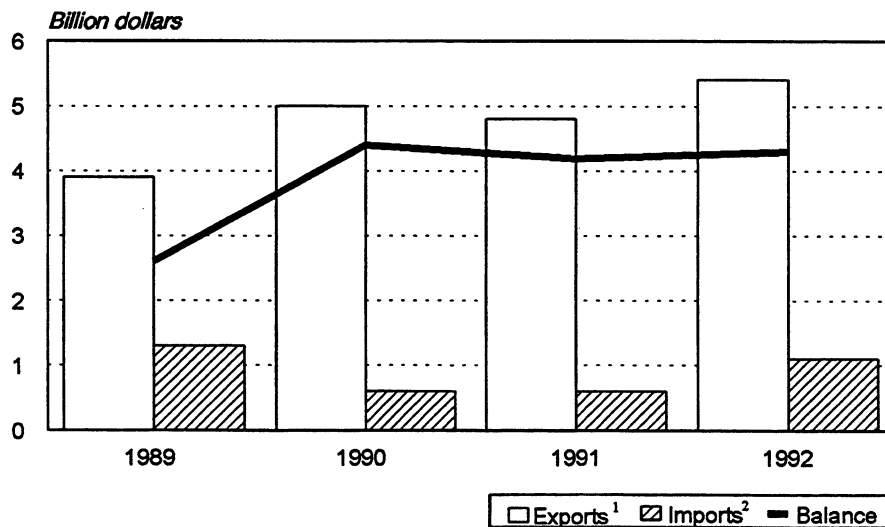
Accounting and related services exports: Sales by majority-owned U.S. firms by principal market, 1992



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Figure 7-2

Accounting and related service sales by majority-owned affiliates: Exports, imports, and trade balance, 1989-92

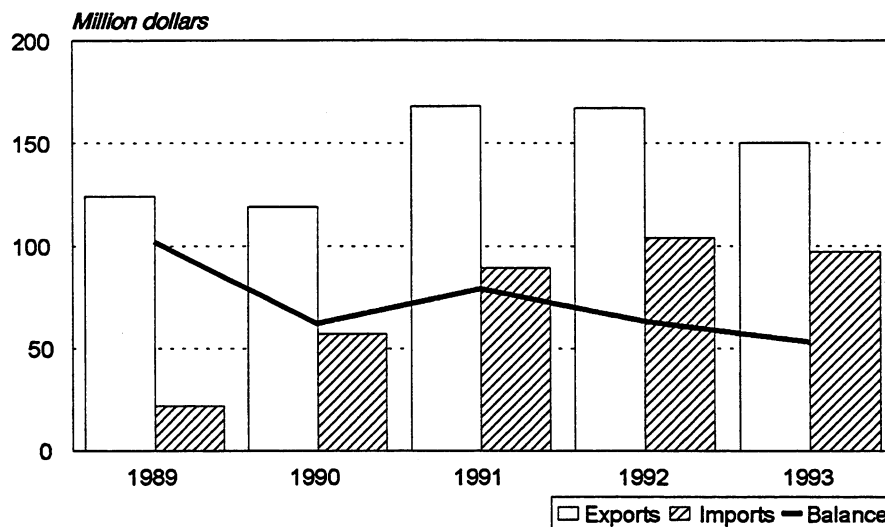


¹ Exports comprise sales to foreign persons by foreign-based, majority-owned affiliates of U.S. firms.

² Imports comprise sales to U.S. persons by U.S.-based, majority-owned affiliates of foreign firms.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1992 and Sept. 1994.

Figure 7-3
Accounting, auditing, and bookkeeping services: Cross-border exports, imports, and trade balance, 1989-93



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

firm name.¹⁰ Restrictions on commercial presence¹¹ and on the presence of natural persons, which principally consist of nationality requirements and limits on the stay of accounting professionals in foreign markets, address some of these policies (appendix P).

Subject Trading Partner Commitments on Accounting Services

A review of the commitments negotiated by signatories to the General Agreement on Trade in Services (GATS) indicates that all of the subject trading partners have made full or partial commitments on commercial presence.¹² With the

exception of Finland, all subject trading partners have left limitations on the presence of natural persons unbound (table 7-1).

The European Union imposes no Community-wide limitations on cross-border supply and commercial presence. Commitments for the United Kingdom, the largest market for U.S. suppliers, conform with EU commitments. However, several other EU member states list a number of restrictions pertaining to foreign accountants. France, Italy, and Greece reserve the right to maintain, change, or impose new restrictions on cross-border supply. Austria is less restrictive with respect to cross-border supply, but nevertheless prohibits foreign firms from auditing national banks and representing Austrian firms in court.¹³ Restrictions on the establishment of commercial presence are scheduled by Austria, Germany, France, Portugal, Italy, and Denmark. Austria restricts foreign ownership of

¹⁰ John Hegarty, "The Accountancy Profession," *Workshop on Professional Services*, Sept. 26-27, 1994, pp. 15-18.

¹¹ Limitations on commercial presence stipulate conditions under which foreign service suppliers may establish, operate, or expand a commercial presence, such as a branch, agency, or majority-owned subsidiary, in another country's territory.

¹² The European Union as a whole made a full commitment on commercial presence. However, (continued...)

¹² (...continued)
several member states listed individual restrictions. Table 7-1 reflects those restrictions.

¹³ Austrian official, interview by USITC staff, Geneva, July 24, 1995.

Table 7-1
Highlights of commitments on accounting services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	• Discriminatory treatment ³	• No limitations	• Limited access ⁴	• Limited access ⁴ • Discriminatory treatment ³
European Union ⁵	• Limited access ⁴ • Discriminatory treatment ³	• No limitations	• Limited access ⁴ • Discriminatory treatment ³	• Limited access ⁴ • Discriminatory treatment ³
Japan	• Limited access ⁴	• Limited access ⁴	• Limited access ⁴	• Limited access ⁴ • Discriminatory treatment ³
Mexico	• No limitations	• No limitations	• Limited access ⁴ • Discriminatory treatment ³	• Limited access ⁴ • Discriminatory treatment ³

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Discriminatory treatment indicates the presence of national treatment limitations.

⁴ Limited access indicates the presence of market access limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

accountancy firms to 25 percent. Germany allows public corporations to establish a commercial presence, but restricts the establishment of limited liability partnerships.¹⁴ France requires forms of establishment wherein foreign service providers may be held legally liable for the performance of their companies.¹⁵ Portugal prohibits the establishment of foreign subsidiaries and requires foreign professionals to associate with Portuguese professionals.¹⁶ Italy appears to prohibit the establishment of foreign accountancy firms, whereas Denmark requires foreign accountants to obtain Danish Government permission before establishing partnerships with Danish accountants.

EU cross-industry commitments on investment appear to extend less favorable treatment to subsidiaries of multinational firms operating in Europe, granting more favorable treatment to multinational firms that provide

services through locally-owned partnerships.¹⁷ The European Union has left limitations on the presence of natural persons unbound, with several caveats. France and Denmark state that non-EU nationals may provide accounting services if they have permission from the government. In addition, both Denmark and Italy require residency in the European Union. Germany, the Netherlands, the United Kingdom, and Sweden require foreign nationals to have a university degree, professional qualifications, and 3 years' accounting experience. Cross-industry commitments appear to provide certain exceptions to the European Union's unbound limitations. Executives or specialists may enter as intra-corporate transferees, but lengths of stay are determined by each member state. Business visitors may stay 90 days to negotiate the sale of a service. Accountants may enter and stay for the lesser of 90 days or the duration of their contract, when they are working as employees of a firm that

¹⁴ EU Commission officials, interviews by USITC staff, Brussels, July 18-19, 1995.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ See appendix H for a table of cross-industry commitments that may affect accounting services.

does not have a commercial presence in the European Union.¹⁸

Japan also leaves industry-specific limitations unbound with respect to the presence of natural persons, allowing Japan to maintain or impose country-wide measures that are inconsistent with market access and national treatment. However, cross-industry commitments permit intra-corporate transferees, including managers and specialists, to remain in Japan for up to 5 years. In addition, accountants qualified as *Koninkaikeishi* under Japanese law are allowed to stay 5 years. Although not identical, the term *Koninkaikeishi* is generally the Japanese equivalent of Certified Public Accountant (CPA) in the United States. The title *Koninkaikeishi* is required in Japan to offer any kind of regulated accountancy services in the same way that the title of CPA is required in the United States. Representatives of foreign firms that enter Japan to establish a commercial presence or to negotiate a sales contract are permitted to remain for 90 days.

Only natural persons or Audit Corporations may provide accounting services in Japan. Audit Corporations comprise five or more partners who qualify as *Koninkaikeishi*. This commitment reflects Japanese legislation that prohibits a foreign juridical person from supplying accounting services in Japan.¹⁹ Individuals or groups of individuals are allowed to work together, but may not form a legal partnership as in the United States.²⁰

Mexico imposes no industry-specific limitations on the cross-border supply of accounting services. With respect to commercial presence, foreign investment is limited to 49 percent of registered capital, and foreign accounting enterprises are required to use the name of the Mexican partner. For at least one

major accounting firm, the Mexican restrictions do not pose a serious problem because the firm operates in Mexico under a partnership arrangement, in which the Mexican firm is owned by Mexican nationals who supply the firm with the majority of capital.²¹ Limitations on the presence of natural persons in Mexico are unbound, although cross-industry commitments regarding the temporary entry and stay of natural persons may provide for exceptions. Intra-corporate transferees may remain in Mexico for 1 year or more, but it is unclear whether accountants qualify as intra-corporate transferees.²²

Canada imposes no country-wide limitations on foreign provision of accounting services through cross-border supply. However, the Province of Manitoba requires foreign accountants to establish residency in Manitoba if they wish to provide accounting services across borders. A commercial presence must take the form of a sole proprietorship or partnership. Industry-specific limitations on the presence of natural persons are unbound.²³ Canada's cross-industry commitments allow intra-corporate transferees, including executives, managers, or specialists to stay a maximum of 3 years. However, these exemptions may not apply to accountants as this profession is not addressed specifically in Canada's cross-industry commitments.

¹⁸ This offer, submitted by the European Union in July 1995, differs from the offer scheduled in April 1994.

¹⁹ Japan Ministry of Foreign Affairs, facsimile received in response to telefax inquiry by USITC staff, Mar. 17, 1995.

²⁰ Japan Ministry of Foreign Affairs official, telephone interview by USITC staff, Aug. 16, 1995.

²¹ Industry representative, telephone interview by USITC staff, Feb. 1995.

²² The trade regime under the North American Free-Trade Agreement (NAFTA) is generally less restrictive than that under the General Agreement on Trade in Services. Citizenship and residency requirements for accountants to provide audits for state enterprises, non-profit organizations, large organizations, or enterprises undergoing a merger or divestiture are scheduled for removal under the NAFTA on January 1, 1996.

²³ U.S. accounting firms experience fewer restrictions in Canada under the terms of the NAFTA than those of the GATS.

Industry Opinion

Industry representatives believe that the GATS is a step toward full liberalization of trade in accounting services. Many accounting professionals have expressed disappointment that signatories did not schedule commitments that provide for the mutual recognition of accounting credentials and the removal of exchange restrictions.²⁴ However, international accounting professionals are optimistic that through the activities of a working party, established in April 1994, the accounting profession and governments will coordinate domestic regulations on licensing credentials, recognition, and other professional standards.²⁵

Summary and Outlook Regarding Ongoing Negotiations

Among the subject trading partners, it appears that the European Union is the most restrictive market and that Canada and Mexico are the least restrictive. Although the European Union imposes few Community-wide trade restrictions, several individual member states have scheduled significant industry-specific limitations on commercial presence, cross-border supply, and on the presence of natural persons. By contrast, Mexico and Canada (with the exception of Manitoba) scheduled no industry-specific limitations on cross-border supply, and relatively light restrictions on foreign commercial presence.

All subject trading partners, with the exception of Japan, restrict foreign accounting professionals' access to their markets. Mexico does not address the temporary entry and stay of

²⁴ John Hegarty, "GATS: A Chance to Take the Lead," *Accountancy*, Feb. 1994, pp. 72-73 and representatives of European accounting industry, FEE, telephone interview by USITC staff, Washington, DC, Mar. 25, 1995.

²⁵ Organization for Economic Co-operation and Development (OECD) representative, interview by USITC staff, Paris, July 19, 1995; and industry representative, interview by USITC staff, Washington, DC, Mar. 25, 1995.

accountants in its schedule, thereby leaving trade restrictions unbound. Canada also excludes accountants from its list of professionals allowed stays of 90 days. The European Union allows accounting professionals temporary entry and stay for 90 days to work under contract, providing that the individual is an employee of a firm that does not have a commercial presence in the European Union.

The commitments negotiated under GATS generally provide effective benchmarks.²⁶ All subject trading partners address accounting services in their schedules, listing partial or full commitments in most instances. In addition, most commitments scheduled by the subject trading partners have enhanced regulatory transparency.²⁷ Although major trade impediments still exist in the form of limitations on the mutual recognition of professional qualifications and exchange restrictions, accounting professionals feel these will eventually be resolved through efforts of the Working Party on Professional Services.

Architectural, Engineering, and Construction Services²⁸

Introduction

Architectural, engineering, and construction (AEC) services²⁹ are three distinct, yet interrelated

²⁶ Representative of U.S. accounting industry, telephone interview by USITC staff, May 12, 1995.

²⁷ Ibid.

²⁸ Among the individuals consulted by USITC staff in preparation of this report were those affiliated with the following organizations: the American Institute of Architects; the American Consulting Engineers Council; the National Society of Professional Engineers; the National Council of Examiners for Engineering and Surveying; the U.S. Council for International Engineering Practice; the Associated General Contractors of America; and the Bureau of Economic Analysis, U.S. Department of Commerce.

²⁹ Architectural and engineering services are included in the U.S. SIC codes 8711 and 8712; construction services are found in Division C of the SIC, and include major groups 15, 16, and 17.

service industries. AEC service firms perform work for private and public sector clients, from the Federal Government to local municipalities.

Architectural firms provide blueprint designs for buildings and public works, and may oversee the construction of projects. Architectural services include preliminary site study, schematic design, design development, final design, contract administration, and post-construction services. Architectural services are the least traded of the three services.

Engineering firms provide planning, design, construction, and management services for projects such as civil engineering works and residential, commercial, industrial, and institutional buildings. These firms also provide engineering design services for industrial processes and production.³⁰ An important type of engineering service is integrated engineering.³¹ Integrated engineering includes consultancy and construction management services to project owners from inception to completion of the project (known as turnkey services). Turnkey services may include the selection and coordination of the work of the consultant, contractors, and subcontractors involved in the construction project.

Construction services include pre-erection work, new construction and repair, and alteration, restoration, and maintenance work on buildings or civil engineering works. Such services can be

carried out either by general contractors who do the complete construction work or by specialty subcontractors who perform parts of the construction work.

Nature of International Trade in Architectural, Engineering, and Construction Services

Trade in AEC services is predominantly undertaken by majority-owned affiliates located in foreign markets. U.S. AEC firms that engage in international trade generally establish some type of affiliate, joint venture, or branch office in important foreign markets, as contracts are more likely to be awarded to firms that have a presence in the foreign country.³² In 1992, sales of AEC services by foreign affiliates of U.S. firms were over six times the value of AEC services exported across U.S. borders.³³

Sales by Majority-Owned Affiliates

Exports of AEC services by foreign-based affiliates of U.S. firms grew steadily in recent years. Trade in construction services is examined separately from trade in architectural and engineering services due to inconsistencies in data collection methods, which may overstate construction trade relative to trade in architectural and engineering services.³⁴ Construction exports

³⁰ Included in engineering services are the undertaking of preparatory technical feasibility studies and project impact studies; preliminary plans, specifications, and cost estimates; final plans, specifications, and cost estimates; and services provided during the construction phase. Engineering service firms also may provide advisory and technical assistance to the client during construction to ensure that construction work is in conformity with the final design.

³¹ Integrated engineering services are a separate category in the GATS Schedule of Service Commitments. However, data specific to integrated engineering services are not available, but rather are aggregated in the engineering services category. For the purposes of this discussion, therefore, integrated engineering services will not be discretely discussed.

³² Industry representative, interview by USITC staff, Washington, DC, Feb. 1, 1995.

³³ Data for architectural and engineering services are taken from USDOC, BEA, *Survey of Current Business*, Sept. 1992, pp. 129, 131; Sept. 1993, pp. 144, 145, 153, 155; and Sept. 1994, pp. 126-133, 135-138; data for construction services are taken from USDOC, BEA, *U.S. Direct Investment Abroad: Operations of U.S. Parent Companies and their Foreign Affiliates*, 1989 Benchmark Survey; Revised 1991 Estimates; Preliminary 1992 Estimates; and *Foreign Direct Investment in the United States, 1992 Benchmark Survey*.

³⁴ Because the available data on exports of construction services through foreign affiliates are reported on a gross sales basis, and architectural and engineering trade is recorded on a net basis, the data
(continued...)

through foreign-based affiliates increased at a 19-percent annual rate, from \$4.3 billion in 1989 to \$7.2 billion in 1992. These sales represented 5 percent of total U.S. services sales by majority-owned affiliates. Similarly, architectural and engineering exports through U.S.-affiliated firms rose at a 17-percent annual rate, from \$3.3 billion in 1989 to \$5.3 billion in 1992 (figure 7-4), representing 3.7 percent of total U.S. service sales by majority-owned affiliates.³⁵

In 1992, the major markets for sales by foreign affiliates of U.S. architectural and engineering firms were the United Kingdom, the Netherlands, Australia, and Germany (figure 7-5).³⁶ Together, these markets accounted for 64 percent of sales to foreign persons by foreign affiliates of U.S. architectural and engineering firms. Individually, the United Kingdom accounted for 39 percent, while the other three countries combined accounted for 25 percent. Europe has traditionally been a major market for U.S. architectural and engineering firms. U.S. firms participate in a variety of projects in this market, both for EU clients and for established U.S. clients who are expanding their overseas operations. The trading partners addressed in this study account for over 70 percent of architectural and engineering exports through sales by affiliates.

It appears that the balance of trade in sales of architectural and engineering services by foreign affiliates has ameliorated in recent years. This may be attributable to the fact that major foreign AEC markets have been recovering from a recession. This balance rose from a \$945-million deficit in 1989 to an apparent \$2-billion surplus in

1992.³⁷ The estimated \$2-billion surplus represented 13.7 percent of the overall U.S. services surplus in sales by majority-owned affiliates.

Cross-Border Transactions

Cross-border architectural, engineering, and construction exports increased at a 26-percent average annual rate, from \$920 million in 1989 to \$2.3 billion in 1993 (figure 7-6).³⁸ The rapid increase in cross-border trade may be an indication of the increasing ability of AEC firms to operate from home bases through advanced computer-aided design and telecommunication capabilities. In 1993, AEC service exports represented 1.6 percent of total U.S. cross-border service exports.³⁹

In terms of cross-border trade, the leading export markets for U.S. AEC firms in 1993 were Venezuela, Saudi Arabia, Korea, and Indonesia (figure 7-7). Venezuela accounted for approximately 13 percent of U.S. exports; Saudi Arabia, 8 percent; Korea, 6 percent; and Indonesia, 3 percent. The trading partners covered in this report account for 22 percent of U.S. cross-border exports of AEC services.

³⁷ Because import data for construction service firms that provide architectural and engineering services are suppressed in 1992, the balance of trade in that year is likely to be overstated.

³⁸ Cross-border data for U.S. exports of AEC services are reported on a net basis, meaning that the data reflect "U.S. contractors' gross operating revenues from foreign projects less the sum of (1) U.S. merchandise exports included in gross-operating revenues (which are recorded in the merchandise trade account of the balance of payments) and (2) foreign expenses, such as those for local labor or locally procured materials and supplies." In sum, net receipts measure that part of gross operating revenues retained by U.S. contractors. However, imports are only reported on a gross basis. Therefore, the U.S. trade surplus in AEC services is understated.

³⁹ Data are reported by the BEA on an aggregate level for architectural, engineering, construction, and mining services. Data for architectural, engineering, and construction services are estimated by USITC staff based on these aggregate BEA data.

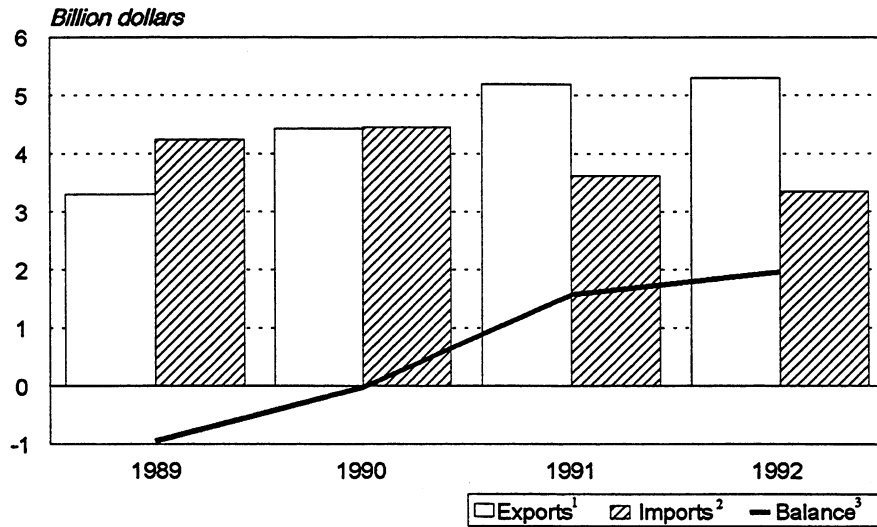
³⁴ (...continued)

for these services are not strictly comparable, and construction services are not included in the accompanying graphs on sales by affiliates.

³⁵ Data are reported by the BEA on an aggregate level for architectural, engineering, and surveying services. Data for architectural and engineering services are estimated by USITC staff based on these aggregate data.

³⁶ Construction data on a regional basis are not available.

Figure 7-4
 Architectural and engineering service sales by majority-owned affiliates: Exports, imports, and trade balance, 1989-92



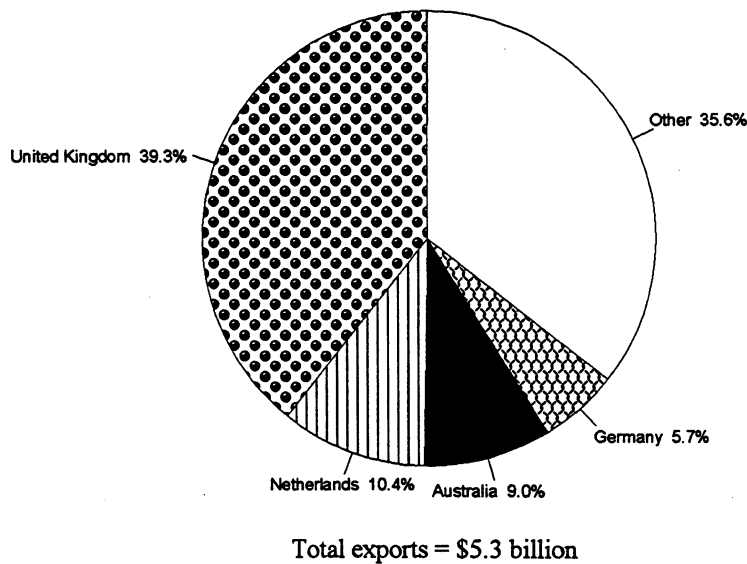
¹ Exports comprise sales to foreign persons by foreign-based, majority-owned affiliates of U.S. firms.

² Imports comprise sales to U.S. persons by U.S.-based, majority-owned affiliates of foreign firms.

³ Because import data for architectural and engineering services provided by construction firms are suppressed in 1992, the trade balance is likely overstated in that year.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1992 and Sept. 1994.

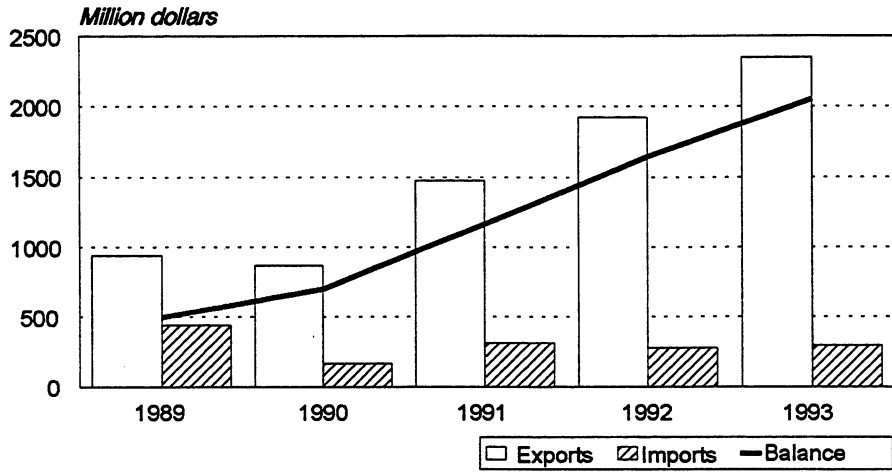
Figure 7-5
 Architectural and engineering service exports: Sales by majority-owned U.S. firms by principal market, 1992



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994, and USITC staff estimates.

Figure 7-6

Architectural, engineering, and construction services: Cross-border exports, imports, and trade balance,¹ 1989-93

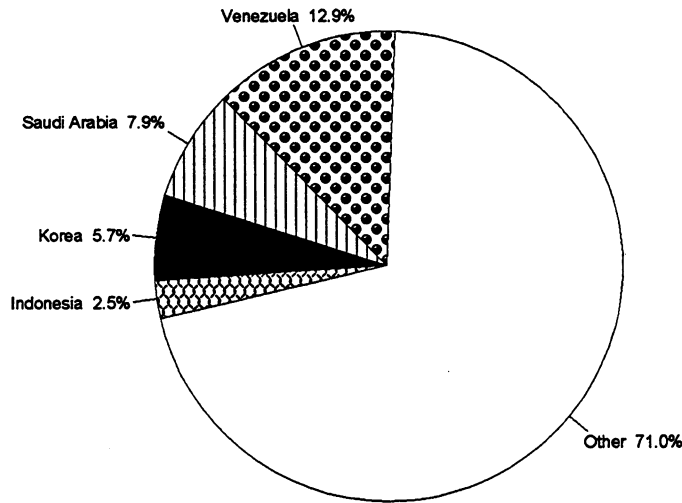


¹ The trade balance is understated because cross-industry exports are recorded on a net basis and imports are recorded on a gross basis.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994, and USITC staff estimates.

Figure 7-7

Architectural, engineering, and construction services: Cross-border exports by principal market, 1993



Total exports = \$2.3 billion¹

¹ Export data reflect net receipts.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994, and USITC staff estimates.

The United States runs a notable trade surplus in cross-border trade in AEC services. The U.S. cross-border surplus has risen steadily from approximately \$486 million in 1989 to \$2 billion in 1993, recording an average annual increase of 42 percent. In 1993, the cross-border sales surplus in AEC services represented 4.8 percent of the total U.S. cross-border services surplus.

Examination of Commitments on Architectural, Engineering, and Construction Services

Overview

As noted, AEC services are principally supplied through sales by affiliates, although architectural and engineering services are also delivered on a cross-border basis. Therefore, limitations to commercial presence, such as investment restrictions, nationality requirements, restricted access to local utilities and institutions, and restrictions on types of corporate entities, all greatly affect the ability of a U.S. AEC firm to provide services in foreign markets. Customs duties on materials necessary to provide services, residency or nationality requirements, and other restrictions on the use of services supplied from abroad can inhibit cross-border trade in AEC services.⁴⁰ Moreover, residency and nationality requirements may discriminate against U.S. individuals who provide services in foreign markets. Barriers to these modes of delivery may be administered by government regulators and private sector professional associations. They may also be industry specific, or apply across industries, as do foreign equity participation limits.⁴¹ In summary, restrictions on the right to establishment, the presence of foreign individuals, and cross-border supply are significant in light of the nature of trade in AEC services. Consumption abroad, in which the customer crosses into a foreign country to receive the service, is not a

⁴⁰ Cross-border trade in AEC services is performed by transporting items such as blueprints and designs via mail, telephone, or other means across national boundaries.

⁴¹ Julien Arkell and Ursula Knapp, "The Issues at Stake," *Liberalization of Trade in Professional Services* (Paris: OECD, 1995), p. 15.

typical mode of delivery for AEC services.⁴² Therefore, the following analysis will focus on commitments pertaining to commercial presence, cross-border supply, and the presence of natural persons.

AEC commitments on cross-border trade by the subject trading partners are restrictive, tending to limit market access and discriminate against foreign service providers (table 7-2).⁴³ Commitments on the commercial presence of AEC firms principally limit market access only. All of the trading partners examined have reserved the right to impose restrictions on the presence of foreign individuals.⁴⁴

⁴² The most important barriers to trade in AEC services include national resistance to competition, which varies by country and is more prevalent in trading partners with qualified service providers; lack of transparency, which extends to the source and specifics of pertinent regulations and the degree to which foreign competitors are aware of calls to bid; problems associated with recognition of diplomas, professional licensing, and admission into national registers, which is a very direct barrier to trade because some or all of these are usually required to practice in foreign markets; in-house engineering and unfair competition from government and parastatal entities, which prevent the open bidding of projects, and pit foreign bidders against competitors with abundantly more resources; subsidies and financial arrangements, such as tied aid, mixed credits, and tied trust funds; procurement procedures/lack of adherence to a qualifications-based selection process; guarantees, liability, and insurance; and the relatively large size of projects published and the cost of preparing bids, which are especially prohibitive to smaller firms. Certain barriers, such as licensing requirements, may be overcome through mutual recognition agreements, while others, such as government procurement, may be dealt with by expanding the GATT code of conduct. "Engineering Consultancy and Related Professions," *OECD Workshop on Professional Services*, Paris, Sept. 26-27, 1994, pp. 9-13.

⁴³ A more detailed table of AEC services commitments can be found in appendix Q.

⁴⁴ For certain Canadian Provinces, a commercial presence is required for engineering and integrated engineering services; for Japan, commercial presence is required in certain instances for architectural and engineering services; and Mexico reserves the right to restrict construction services.

Table 7-2

Highlights of commitments on architectural, engineering, and construction services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	ARCHITECTURAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ARCHITECTURAL SERVICES: • No limitations	ARCHITECTURAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ARCHITECTURAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ENGINEERING SERVICES: • Limited access ³	ENGINEERING SERVICES: • No limitations	ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	INTEGRATED ENGINEERING SERVICES: • Limited access ³	INTEGRATED ENGINEERING SERVICES: • Limited access ³	INTEGRATED ENGINEERING SERVICES: • No limitations	INTEGRATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	PRE-ERECTION WORK AT CONSTRUCTION SITES: • Limited access ³	PRE-ERECTION WORK AT CONSTRUCTION SITES: • No limitations	PRE-ERECTION WORK AT CONSTRUCTION SITES: • No limitations	PRE-ERECTION WORK AT CONSTRUCTION SITES: • Limited access ³ • Discriminatory treatment ⁴
	GENERAL CONSTRUCTION WORKS FOR BUILDINGS: • No limitations	GENERAL CONSTRUCTION WORKS FOR BUILDINGS: • No limitations	GENERAL CONSTRUCTION WORKS FOR BUILDINGS: • Discriminatory treatment ⁴	GENERAL CONSTRUCTION WORKS FOR BUILDINGS: • Limited access ³ • Discriminatory treatment ⁴
	GENERAL CONSTRUCTION WORKS FOR CIVIL ENGINEERING: • Limited access ³	GENERAL CONSTRUCTION WORKS FOR CIVIL ENGINEERING: • No limitations	GENERAL CONSTRUCTION WORKS FOR CIVIL ENGINEERING: • Limited access ³	GENERAL CONSTRUCTION WORKS FOR CIVIL ENGINEERING: • Limited access ³ • Discriminatory treatment ⁴
	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: • No limitations	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: • No limitations	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: • No limitations	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: • Limited access ³ • Discriminatory treatment ⁴
	SPECIAL TRADE CONSTRUCTION WORK: • Limited access ³	SPECIAL TRADE CONSTRUCTION WORK: • No limitations	SPECIAL TRADE CONSTRUCTION WORK: • No limitations	SPECIAL TRADE CONSTRUCTION WORK: • Limited access ³ • Discriminatory treatment ⁴
	INSTALLATION WORK: • No limitations	INSTALLATION WORK: • No limitations	INSTALLATION WORK: • No limitations	INSTALLATION WORK: • Limited access ³ • Discriminatory treatment ⁴
	BUILDING COMPLETION AND FINISHING WORK: • No limitations	BUILDING COMPLETION AND FINISHING WORK: • No limitations	BUILDING COMPLETION AND FINISHING WORK: • No limitations	BUILDING COMPLETION AND FINISHING WORK: • Limited access ³ • Discriminatory treatment ⁴
	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: • Limited access ³	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: • No limitations	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: • No limitations	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: • Limited access ³ • Discriminatory treatment ⁴

Table 7-2 (continued)

Highlights of commitments on architectural, engineering, and construction services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
European Union ³	ARCHITECTURAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ARCHITECTURAL SERVICES: • No limitations	ARCHITECTURAL SERVICES: • Limited access ³	ARCHITECTURAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ENGINEERING SERVICES: • No limitations	ENGINEERING SERVICES: • Limited access ³	ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	INTEGRATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	INTEGRATED ENGINEERING SERVICES: • No limitations	INTEGRATED ENGINEERING SERVICES: • Limited access ³	INTEGRATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Japan	ARCHITECTURAL SERVICES: • Limited access ³	ARCHITECTURAL SERVICES: • Limited access ³	ARCHITECTURAL SERVICES: • No limitations	ARCHITECTURAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	ENGINEERING SERVICES: • Limited access ³	ENGINEERING SERVICES: • Limited access ³	ENGINEERING SERVICES: • No limitations	ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	INTEGRATED ENGINEERING SERVICES: • No limitations	INTEGRATED ENGINEERING SERVICES: • No limitations	INTEGRATED ENGINEERING SERVICES: • No limitations	INTEGRATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: • No limitations	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: • No limitations	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Mexico	ARCHITECTURAL SERVICES: • No limitations	ARCHITECTURAL SERVICES: • No limitations	ARCHITECTURAL SERVICES: • Limited access ³	ARCHITECTURAL SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	ENGINEERING SERVICES: • No limitations	ENGINEERING SERVICES: • No limitations	ENGINEERING SERVICES: • Limited access ³	ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	INTEGRATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	INTEGRATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	INTEGRATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴	INTEGRATED ENGINEERING SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	PRE-ERECTION WORK AT CONSTRUCTION SITES: • Limited access ³ • Discriminatory treatment ⁴	PRE-ERECTION WORK AT CONSTRUCTION SITES: • Limited access ³ • Discriminatory treatment ⁴	PRE-ERECTION WORK AT CONSTRUCTION SITES: • Limited access ³	PRE-ERECTION WORK AT CONSTRUCTION SITES: • Limited access ³ • Discriminatory treatment ⁴
	GENERAL CONSTRUCTION WORK FOR BUILDINGS: • Limited access ³ • Discriminatory treatment ⁴	GENERAL CONSTRUCTION WORK FOR BUILDINGS: • Limited access ³ • Discriminatory treatment ⁴	GENERAL CONSTRUCTION WORK FOR BUILDINGS: • Limited access ³	GENERAL CONSTRUCTION WORK FOR BUILDINGS: • Limited access ³ • Discriminatory treatment ⁴

Table 7-2 (continued)

Highlights of commitments on architectural, engineering, and construction services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Mexico (continued)	GENERAL CONSTRUCTION FOR CIVIL ENGINEERING: • Limited access ³ • Discriminatory treatment ⁴	GENERAL CONSTRUCTION FOR CIVIL ENGINEERING: • Limited access ³ • Discriminatory treatment ⁴	GENERAL CONSTRUCTION FOR CIVIL ENGINEERING: • Limited access ³	GENERAL CONSTRUCTION FOR CIVIL ENGINEERING: • Limited access ³ • Discriminatory treatment ⁴
	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: • Limited access ³ • Discriminatory treatment ⁴	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: • Limited access ³ • Discriminatory treatment ⁴	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: • Limited access ³ • Discriminatory treatment ⁴	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: • Limited access ³ • Discriminatory treatment ⁴
	SPECIAL TRADE CONSTRUCTION WORK: • Limited access ³ • Discriminatory treatment ⁴	SPECIAL TRADE CONSTRUCTION WORK: • Limited access ³ • Discriminatory treatment ⁴	SPECIAL TRADE CONSTRUCTION WORK: • Limited access ³	SPECIAL TRADE CONSTRUCTION WORK: • Limited access ³ • Discriminatory treatment ⁴
	INSTALLATION WORK: • Limited access ³ • Discriminatory treatment ⁴	INSTALLATION WORK: • Limited access ³ • Discriminatory treatment ⁴	INSTALLATION WORK: • Limited access ³	INSTALLATION WORK: • Limited access ³ • Discriminatory treatment ⁴
	BUILDING COMPLETION AND FINISHING WORK: • Limited access ³ • Discriminatory treatment ⁴	BUILDING COMPLETION AND FINISHING WORK: • Limited access ³ • Discriminatory treatment ⁴	BUILDING COMPLETION AND FINISHING WORK: • Limited access ³ • Discriminatory treatment ⁴	BUILDING COMPLETION AND FINISHING WORK: • Limited access ³ • Discriminatory treatment ⁴
	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: • Limited access ³ • Discriminatory treatment ⁴	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: • Limited access ³ • Discriminatory treatment ⁴	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: • Limited access ³ • Discriminatory treatment ⁴	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: • Limited access ³ • Discriminatory treatment ⁴

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Limited access indicates the presence of market access limitations.

⁴ Discriminatory treatment indicates the presence of national treatment limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

Of all cross-industry commitments, those on investment and the temporary entry and stay of personnel are the most likely to affect AEC services. Cross-industry investment limitations restrict the type of commercial presence allowed, while cross-industry commitments on the presence of natural persons tend to provide exceptions to limitations delineated in industry-specific commitments (appendix H).

Subject Trading Partner Commitments on Architectural, Engineering, and Construction Services

Limitations for Canada are more complex than for most other subject trading partners, as many limitations are imposed by individual Provinces. Canada imposes no limitations on commercial presence for engineering services, but in the case

of architectural services, a commercial presence must take the form of a sole proprietorship or partnership to guarantee market access.⁴⁵ Canada imposes no country-wide limitations on cross-border trade in architectural and engineering services, but several Canadian Provinces impose significant limitations. For accreditation, Manitoba requires a commercial presence, several Provinces require residency, and one Province, Québec, requires citizenship. Since these requirements, particularly residency and citizenship requirements, suggest that the service would be supplied through a local affiliate, they may severely limit cross-border trade.⁴⁶

Canada scheduled less restrictive commitments in construction services, imposing no limitations on the provision of these services via cross-border trade, except for certain types of construction undertaken from barges, which are protected by cabotage⁴⁷ restrictions. Ontario and Newfoundland are the only Provinces with specific limitations to commercial presence in construction services.

Cross-industry commitments made by Canada, primarily in the form of tax measures that apply to cross-border supply and commercial presence, may be more onerous than AEC-specific commitments. However, cross-industry commitments regarding the temporary entry and stay of business visitors and intra-corporate transferees are expected to provide flexibility with respect to moving certain personnel. Specifically, appropriately accredited architects and engineers are allowed entry for the lesser of 90 days or the time necessary to complete their services contract.

⁴⁵ To guarantee national treatment on Prince Edward Island, non-resident architectural firms are required to maintain a higher percentage of practitioners than resident architectural firms.

⁴⁶ Under the NAFTA, the United States and Canada agreed that citizenship and permanent residency requirements at the Province and State level would be phased out within 2 years of the agreement's entry into force. Overall, it appears that Canada's reservations under the NAFTA are less restrictive than its concessions under the GATS.

⁴⁷ Cabotage is defined as domestic point-to-point service.

The European Union imposes no restrictions on commercial presence for the subject services. However, four EU member states scheduled national restrictions. AEC services cannot be provided through foreign corporate entities in Italy, Portugal, and Spain; only foreign natural persons are allowed to provide AEC services. In France, architectural services must be provided through a Société d'Exercice Libéral or Société Civile Professionnelle, which refers to a public company or a legal partnership.⁴⁸

Although the European Union imposes no limitations on cross-border supply of architectural, engineering, and integrated engineering services, six EU member states maintain restrictions. Greece, Italy, and Portugal reserve the right to maintain or impose future limitations on architectural and engineering services. Belgium reserves the right to maintain or impose restrictions on architectural services. Germany will apply national rules on fees and compensation for all architectural services which are performed from abroad.⁴⁹ Finally, Austria requires foreign providers to cooperate with established planners prior to submitting designs for approval by relevant authorities.⁵⁰ Moreover, with the exceptions of site investigation and excavating, the European Union, minus Finland, has reserved the right to maintain or impose limitations on cross-border trade in construction services.⁵¹ The European Union attributes these limitations to a lack of technical feasibility.

Important cross-industry commitments made by the European Union include a restriction that subsidiaries must have their principal place of business in the European Union, and that less favorable treatment may be given to subsidiaries with only their registered office in the European

⁴⁸ EU Commission officials, interviews by USITC staff, Brussels, July 18-19, 1995.

⁴⁹ Ibid.

⁵⁰ Foreign service providers may qualify as "established planners" if all Austrian laws and regulations are met. The term "cooperate" means that the established planner must assume responsibility for the plans.

⁵¹ Finland places no restrictions on the cross-border supply of construction services.

Union, unless it shows an effective and continuous link with one of the member states. Austria, Finland, and Sweden made similar commitments with respect to member states of the European Economic Area, which comprises EU member states and countries in the European Free Trade Association (EFTA).⁵² The EU cross-industry commitment on temporary entry and stay of natural persons allows for the presence of intra-corporate transferees,⁵³ specialists, and other visitors connected to a commercial presence, but leaves the length of stay to the discretion of the individual member states. In the case of natural persons not affiliated with a commercial presence, the EU commitment specifies that architects, engineers, and construction professionals may stay for three months, or for the duration of their service contract, whichever is less, without fulfilling an economic needs test. The number of professionals allowed is limited to the number of persons needed to fulfill the contract.⁵⁴

The European Union lists one MFN exemption specific to the AEC sector. The European Union allows construction companies from Central, Eastern, and Southeastern Europe, and from the Mediterranean Basin, to obtain work permits for workers from these countries when performing temporary contract work for firms in EU member states. In addition, Finland and Sweden maintain MFN exemptions that give preference to one another and to Denmark, Iceland, and Norway on funding for feasibility studies for international projects. This is

⁵² EFTA countries include Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, and Switzerland.

⁵³ There is currently a discrepancy in interpreting Austria's architectural service commitments. Austria claims that its commitments limiting market participation to intra-corporate transferees may in effect act as a complete prohibition on U.S. architects, given the limited number of U.S. architectural service firms established in Austria. The U.S. embassy is currently discussing this issue with the Government of Austria.

⁵⁴ This offer, submitted by the European Union in July 1995, differs from the offer scheduled in April 1994.

particularly restrictive for AEC firms. It is unclear whether this exemption will continue after the Finnish and Swedish commitments are integrated with the EU commitments.

Japan lists no restrictions on commercial presence for the subject services. However, Japan's public sector construction market has been difficult for foreign firms to penetrate, and bilateral negotiations and agreements on market access have taken place since 1988.⁵⁵ As with most trading partners, access to the private sector construction market is not legally prohibited, but informal barriers to trade exist. U.S. industry observers note that overall construction in Japan is expected to increase steadily over the next 5 years, and that private sector construction in Japan will outweigh public sector construction by the year 2000. This growth, coupled with increased market access in the public sector, may lead to increased opportunities for U.S. firms.⁵⁶

Japan requires a commercial presence for cross-border supply of certain architectural and engineering services, but imposes no such limitations on integrated engineering services. Limitations on cross-border provision of construction services are left unbound, meaning that Japan reserves the right to restrict market access and national treatment. Like the European Union, Japan attributes these limitations to a lack of technical feasibility. Japan's cross-industry commitments regarding temporary entry and stay allow board members, branch office directors, department managers, and specialists to remain in Japan for 5 years, and allow other business visitors to remain 90 days. This likely will help AEC firms that want to provide services or negotiate contracts in Japan.

⁵⁵ For more information, please refer to "U.S.-Japanese Construction Trade Relations," *Industry, Trade, and Technology Review*, U.S. International Trade Commission, Feb. 1994, p. 27.

⁵⁶ "Construction Market Growth Continues in Japan," *International Construction Newsletter*, The Associated General Contractors of America, Inc., Washington, DC, June 1994.

While Japan's commitments in AEC services may liberalize trade, the manner in which the commitments likely will be administered makes them the least transparent of the subject trading partners. This is attributable to overlapping regulatory authority held by several government agencies with oversight regarding architectural and engineering services.

Mexico's unbound limitations on integrated engineering and certain construction services make it the most restrictive of the commitments examined. Mexico did not offer commitments in integrated engineering services, and thus remains free to maintain or impose restrictions in the future.⁵⁷ With respect to construction services⁵⁸, Mexico generally reserves the right to maintain or impose restrictions on cross-border trade, and limits foreign investment in a commercial presence to 49 percent of the registered capital of these enterprises.⁵⁹ However, the NAFTA commits Mexico to fewer trade restrictions than Mexico specifies in the GATS.⁶⁰ Mexico lists no

⁵⁷ While Mexico chose not to address integrated engineering services within the GATS framework, these services are covered by the NAFTA.

⁵⁸ Mexico did not offer commitments in assembly and erection of prefabricated constructions, building and completion work, or renting certain services related to equipment for construction or demolition of buildings or civil engineering works.

⁵⁹ For pre-erection work at construction sites and special trade construction work, an additional stipulation applies. Services relating to visual and electronic aids for runways are subject to approval and authorization by the Ministry of Communications and Transport.

⁶⁰ More specifically, Mexico agreed to eliminate within 2 years its current prohibition on the licensing of all foreign professional service providers, including engineers; and Mexico will eliminate within 5 years all screening of U.S. investments constituting over 49-percent ownership of Mexican companies in a variety of construction sectors. Also, according to the NAFTA, U.S. firms seeking to provide services in Mexico will not be required to establish a company in Mexico; previous joint venture requirements will be eliminated. However, only Mexican nationals and Mexican enterprises can obtain the necessary concessions issued by the

restrictions on cross-border supply of architectural and engineering services, and generally permits foreign investment to account for 100 percent of the registered capital of a commercial presence providing these services. An exception applies to any foreign commercial presence that supplies civil engineering services. These firms may only account for 49 percent of registered capital. Mexico's cross-industry commitments do not appear to affect trade in AEC services significantly. Commitments regarding the temporary entry and stay of natural persons allow intra-corporate transferees and specialists to remain in Mexico for at least 1 year, and permit other business visitors to remain for 90 days.

Industry Opinion

U.S. industry sources have indicated that they feel that the GATS improves prospects for trade in the AEC industry, and that some barriers likely will be removed through national treatment commitments.⁶¹ U.S. industry sources have indicated, however, that the commitments are difficult to comprehend, and that it is difficult to assess where U.S. firms have gained ground, and where they have lost.⁶² In response to concerns of various service industries on the international recognition of credentials, the World Trade Organization (WTO) established the Working Party on Professional Services in April 1994. The working party will first look at the accounting industry, but it is expected that the group will eventually explore mutual recognition of architectural and engineering qualifications.⁶³

Mexican Government to construct and operate road services for land transportation.

⁶¹ Industry representative, telephone interview by USITC staff, Mar. 28, 1995.

⁶² Ibid.

⁶³ EU Commission official, interviews by USITC staff, Brussels, July 19, 1995; OECD representatives, interviews by USITC staff, Paris, July 19, 1995; and WTO officials, interviews by USITC staff, Geneva, July 24-25, 1995.

Summary

Upon assessing the schedules of the subject trading partners, Mexico appears most restrictive, whereas Canada and Japan appear least restrictive. However, due to the comparatively liberal terms of the NAFTA, U.S. providers of AEC services may find the Mexican and Canadian markets least restrictive.⁶⁴ Furthermore, interviews with representatives of the AEC industry indicate that Japan's market may be more restrictive than its schedule suggests. Industry representatives state that both formal and informal trade barriers have limited U.S. firms' participation in the Japanese market. It is unclear whether the commitments scheduled by Japan will alleviate the types of difficulties that U.S. firms have encountered in the past.

With the exception of commitments scheduled by Canada, the commitments scheduled by the subject trading partners do not fully serve the purposes of transparency and benchmarking. Although the subject trading partners improved the clarity of many government policies regarding commercial presence and foreign equity participation, relatively few full and partial commitments were scheduled by EU member states and Mexico. In addition, as noted above, information gathered through industry interviews appears to conflict with commitments scheduled by Japan.

Cross-industry commitments on the temporary entry and stay of natural persons are important to

providing AEC services abroad. All of the subject trading partners granted allowances for intra-corporate transferees, usually managers and executives, and persons negotiating a contract. The European Union and Canada have made special provisions to allow certain professionals to stay up to 90 days to supply their service on a contract basis. Canada included architects and engineers, while the European Union also includes construction professionals. This is especially important in AEC services, because it allows the supply of AEC services without a commercial presence.

As noted above, the commitments made by the subject trading partners do not represent a notable change from the pre-GATS government policies that affect the AEC sector. Moreover, because of the framework of the negotiations, the commitments do not address some of the trade barriers that most concern these industries. U.S. industry sources have indicated that many of the barriers that they face are informal ones that are difficult to regulate or eliminate through a formal multilateral agreement.⁶⁵

Advertising Services⁶⁶

Introduction

The advertising services covered in this report include writing copy, artwork, graphics, and other creative work, and placing such advertising in periodicals, newspapers, radio, television or other advertising media for clients on a contract or fee

⁶⁴ The regulatory regime for AEC services under the NAFTA continues to become more liberalized. In June 1995, an agreement concerning the requirements for temporary and permanent licensing of engineers in the United States, Canada, and Mexico was signed. This is the first mutual recognition agreement on professional services resulting from the NAFTA. The agreement is expected to increase the portability of credentials and enhance the mobility of engineers serving the North American market. Executive Office of the President, Office of the United States Trade Representative (USTR), "USTR Announced Mutual Recognition Agreement Reached by Engineers Under NAFTA," press release, June 5, 1995.

⁶⁵ Industry representative, telephone interview by USITC staff, Mar. 28, 1995.

⁶⁶ Among the individuals consulted by USITC staff in preparation of this report were those affiliated with the following organizations: BBDO Worldwide; McCann-Erickson Worldwide; Grey Advertising; Young and Rubicam; Bates Worldwide; Foote, Cone, and Belding; Lintas Worldwide; Omnicom Group; WPP Group; Gannett Outdoor Advertising; Transportation Displays; American Association of Advertising Agencies; and International Advertising Association.

basis.⁶⁷ U.S. firms are among the most competitive participants in the international advertising market. Major foreign competitors are WPP Group and Saatchi & Saatchi (UK).⁶⁸

Nature of International Trade in Advertising Services

Trade in this sector comprises both cross-border transactions and sales by foreign affiliates. Of these channels of delivery, sales by affiliates predominate. Many U.S. advertising firms establish offices overseas to serve affiliates of other U.S. companies. However, only sales to foreign firms by majority-owned, foreign-based affiliates of U.S. companies are reflected in trade data. In 1992, sales by U.S.-owned advertising affiliates were approximately 13 times the \$313 million earned through cross-border exports of advertising services.⁶⁹ Exports through foreign affiliates predominate because overseas firms reportedly develop a keen understanding of foreign media, consumer tastes, language, and culture, and thereby develop a competitive advantage over firms attempting to export advertising services from home offices.

Sales by Majority-Owned Affiliates

The trading partners included in this study accounted for over 88 percent of total affiliate sales of advertising services in 1992. Sales by foreign-based affiliates of U.S. firms predominantly occur in the United Kingdom, Germany, the Netherlands, Canada, and France (figure 7-8). Such exports increased by an average annual rate of 8 percent during 1989-92 from \$3.4 billion to \$4.2 billion (figure 7-9).⁷⁰ In

⁶⁷ Advertising services are captured under the U.S. SIC code 731.

⁶⁸ These two marketing services companies from the United Kingdom acquired large U.S. advertising firms. WPP Group owns Ogilvy & Mather and J. Walter Thompson, while Saatchi & Saatchi owns Bates Worldwide.

⁶⁹ USDOC, BEA, *Survey of Current Business*, Sept. 1992, pp. 129, 131 and Sept. 1994, pp. 101, 136, 138.

⁷⁰ Ibid.

1992, sales of advertising services by foreign-based affiliates of U.S. firms represented 3 percent of total affiliate exports of services. The trade surplus generated by affiliate transactions of U.S. advertising agencies increased significantly between 1989 and 1992, from \$1 billion to \$1.8 billion. This surplus accounted for 13 percent of the total surplus in affiliate trade in services in 1992. This principally is a result of increasing sales of well-established foreign affiliates of U.S. advertising firms.

Cross-Border Transactions

The trading partners covered in this study accounted for over 62 percent of total cross-border exports of advertising services. The largest markets for U.S. cross-border exports of advertising services are Canada, the United Kingdom, France, and Japan (figure 7-10). Cross-border exports of advertising services increased by an average annual rate of 21 percent during 1989-93, from \$145 million to \$313 million (figure 7-11).⁷¹ The deficit in cross-border trade rose from \$83 million in 1989 to \$299 million in 1993.

Examination of Commitments on Advertising Services

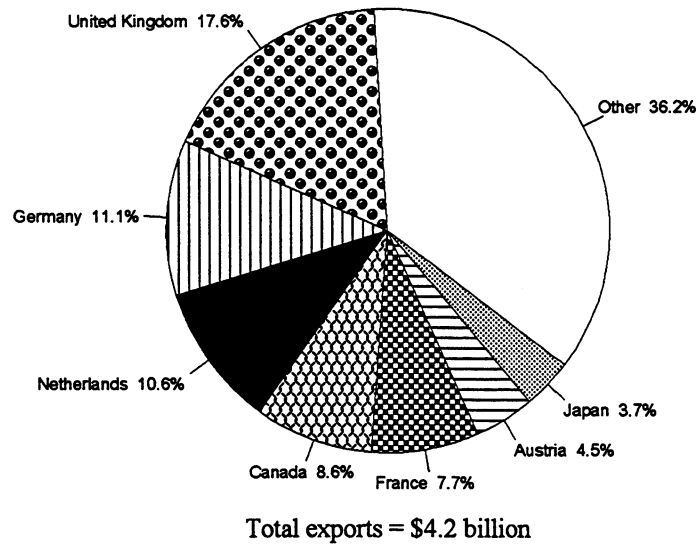
Overview

Advertising is overwhelmingly produced in the country for which it is intended. As noted, U.S. advertising firms mainly provide advertising services to overseas clients through foreign-based affiliates.⁷² U.S. advertising firms also depend upon their ability to move personnel around the world, for tasks such as establishment of new offices, management of affiliates, or provision of client-specific services. The types of personnel most commonly transferred include managers, account executives, and creative personnel.

⁷¹ USDOC, BEA, *Survey of Current Business*, Sept. 1994, p. 101.

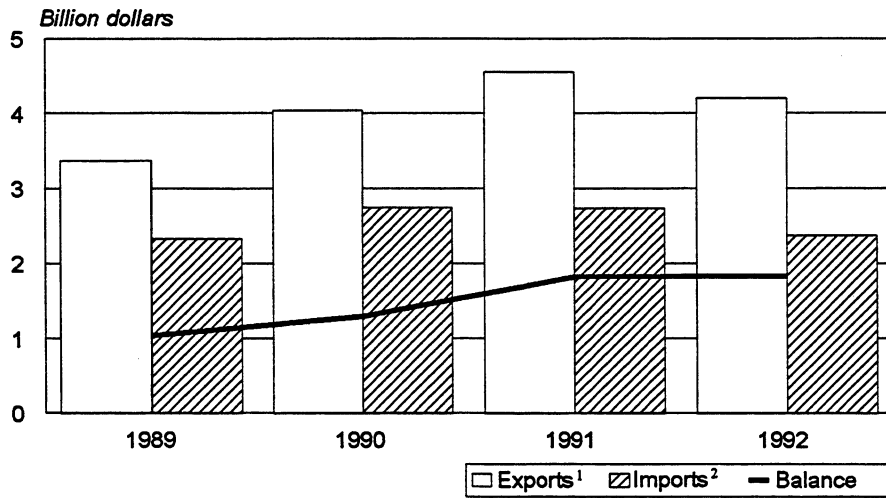
⁷² P.W.A. Daniels, "The Internationalization of Advertising Services," *The Service Industries Journal*, vol. 15, No. 3 (London: Frank Cass, July 1995), p. 288.

Figure 7-8
Advertising service exports: Sales by majority-owned U.S. firms by principal market, 1992



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Figure 7-9
Advertising service sales by majority-owned affiliates: Exports, imports, and trade balance, 1989-92

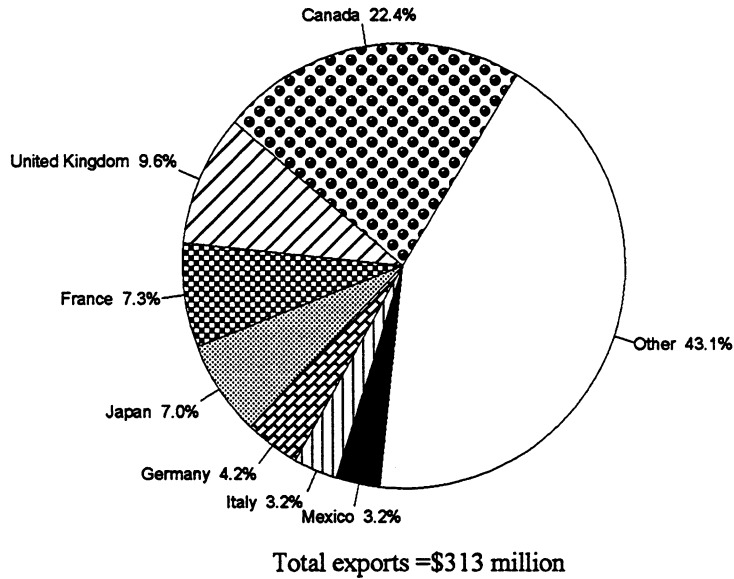


¹ Exports comprise sales to foreign persons by foreign-based, majority-owned affiliates of U.S. firms.

² Imports comprise sales to U.S. persons by U.S.-based, majority-owned affiliates of foreign firms.

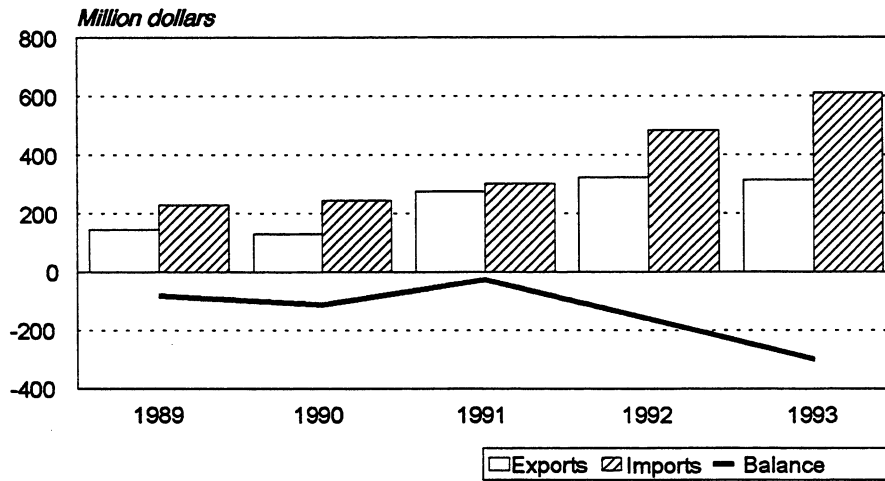
Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1992 and Sept. 1994.

Figure 7-10
 Advertising services: Cross-border exports by principal market, 1993



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994

Figure 7-11
 Advertising services: Cross-border exports, imports, and trade balance, 1989-93



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994

Limitations on foreign ownership and investment, repatriation of commissions and fees, restrictions on the temporary entry and stay of personnel, and restrictions on imports of foreign-produced advertising media are measures that commonly affect trade in advertising services.

Commitments scheduled by the subject trading partners are most restrictive with respect to the most important modes of supply for advertising services (table 7-3). All subject trading partners have scheduled cross-industry limitations on the establishment of a foreign commercial presence and on the entry of foreign business persons (appendix H). All subject trading partners left limitations regarding the presence of natural persons unbound,⁷³ allowing the trading partners to maintain or impose restrictions on advertising firms' ability to move personnel among various affiliates (appendix R). Canada and Mexico scheduled limitations on commercial presence as well. However, the effect of commercial presence restrictions likely is minimal for many large U.S. advertising firms, because they already have affiliate offices in the subject trading partners.

Subject Trading Partner Commitments on Advertising Services

The European Union scheduled no industry-specific commitments that restrict U.S. advertising firms from providing advertising services through cross-border exports or a commercial presence. However, EU cross-industry commitments on commercial presence allow member states to apply discriminatory treatment to non-EU firms established as subsidiaries in the European Union. The European Union also leaves limitations on the presence of natural persons unbound, allowing it to maintain or impose measures inconsistent with market access and national treatment. Although cross-industry commitments provide exemptions for intra-corporate transferees, such as account executives, foreign managers, and creative

⁷³ An unbound measure allows a country to maintain or impose restrictions that are inconsistent with market access and national treatment.

personnel, the EU schedule does not provide information regarding permissible lengths of stay for such personnel. However, advertising professionals, working on behalf of a firm that does not have a commercial presence in the European Union, may stay for 90 days if they have a specific contract.⁷⁴

Advertising commitments scheduled by the United Kingdom, the Netherlands, Germany, and France, all of which are major export markets for U.S. advertising services, do not differ from those of the European Union. However, France scheduled one cross-industry restriction on foreign investment that could limit the ability of U.S. advertising firms to establish U.S. affiliates in that country. France requires that foreign firms obtain authorization for any foreign investment if the managing director of the affiliate is not a resident of the European Union. The EU schedule does not specify the agency or person that has the authority to provide such authorization.

Japan imposes no restrictions on the provision of advertising services through cross-border supply or commercial presence. Japan does impose limitations on foreign natural persons, but cross-industry commitments regarding temporary entry and stay reduce the restrictiveness of these limitations. Japan's cross-industry commitments permit many intra-corporate transferees to remain in Japan for 5 years. These may include account executives, managers, and creative personnel. However, despite the relatively liberal provisions in Japan's schedule, it appears that private sector procurement policies often prevent U.S. advertising agencies from developing business in Japan. Japanese firms have long adhered to an informal policy of using the services of Japanese advertising firms when possible.⁷⁵

⁷⁴ This offer, submitted by the European Union in July 1995, differs from the offer scheduled in April 1994.

⁷⁵ Thierry J. Noyelle and Anne B. Dutka, *International Trade in Business Services: Accounting, Advertising, Law, and Management Consulting* (Cambridge, MA: Ballinger Publishing Co., 1988), p. 60.

Table 7-3
Highlights of commitments on advertising services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	<ul style="list-style-type: none"> • Limited access³ • Discriminatory treatment⁴ 	<ul style="list-style-type: none"> • Limited access³ • Discriminatory treatment⁴ 	<ul style="list-style-type: none"> • Limited access³ • Discriminatory treatment⁴ 	<ul style="list-style-type: none"> • Limited access³ • Discriminatory treatment⁴
European Union ⁵	<ul style="list-style-type: none"> • No limitations 	<ul style="list-style-type: none"> • No limitations 	<ul style="list-style-type: none"> • No limitations 	<ul style="list-style-type: none"> • Limited access³ • Discriminatory treatment⁴
Japan	<ul style="list-style-type: none"> • No limitations 	<ul style="list-style-type: none"> • No limitations 	<ul style="list-style-type: none"> • No limitations 	<ul style="list-style-type: none"> • Limited access³ • Discriminatory treatment⁴
Mexico	<ul style="list-style-type: none"> • No limitations 	<ul style="list-style-type: none"> • No limitations 	<ul style="list-style-type: none"> • Limited access³ 	<ul style="list-style-type: none"> • Limited access³ • Discriminatory treatment⁴

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Limited access indicates the presence of market access limitations.

⁴ Discriminatory treatment indicates the presence of national treatment limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

Mexico's commitments on commercial presence limit foreign ownership of advertising firms in Mexico to 49 percent.⁷⁶ In addition, Mexico maintains unbound limitations on the presence of natural persons, preserving the right to maintain or impose measures that restrict the ability of U.S. advertising firms to transfer personnel to Mexico. However, cross-industry commitments regarding temporary entry and stay allow individuals negotiating sales contracts to remain in Mexico for 90 days, and intra-corporate transferees, including executives and specialists, to remain for 1 year.⁷⁷

As noted, Canada does not address advertising services in its schedule. Therefore, Canada may maintain or introduce restrictions that are inconsistent with market access and national treatment.⁷⁸

Industry Opinion

Industry sources indicate that restrictions to trade in advertising services are few in number. Limitations scheduled by the subject trading

⁷⁶ Under the NAFTA, Mexico's restrictions on investments of over 49 percent of ownership are only applicable for investments over a certain dollar amount. The investment threshold is scheduled to be phased upward over the next 9 years. This ownership requirement has not represented a significant market barrier for U.S. advertising firms. Industry representative, telephone interview by USITC staff, Mar. 7, 1995.

⁷⁷ The Mexican cross-industry commitments reflect the privileges accorded U.S. service providers under (continued...)

⁷⁷ (...continued)
the terms of the NAFTA provisions. USDOC, "Mexico: Advertising Services Profile," *Market Research Report*, Mar. 1994.

⁷⁸ Under the terms of the NAFTA, U.S. firms are permitted to transfer key personnel into Canada on a temporary basis. Therefore, the NAFTA affords U.S. advertising service providers more favorable treatment than that under the GATS. USDOC, "Mexico: Advertising Services Profile," *Market Research Report*, Mar. 1994.

partners do not significantly restrict U.S. firms' overseas operations.⁷⁹

Summary

An examination of major trading partners' schedules suggests that Canada, a key market for U.S. advertising services, is the most restrictive trading partner. With the exception of Canada, all subject trading partners have scheduled commitments that serve the purposes of benchmarking and transparency. Furthermore, the national schedules suggest that the European Union and Japan are least restrictive, although private sector procurement practices may limit the extent to which U.S. advertising agencies are able to penetrate the Japanese market. All subject trading partners limit the presence of natural persons, yet cross-industry commitments and the NAFTA provide exemptions which will allow U.S. agencies to move managers, account executives, and creative personnel among various foreign affiliates.

Legal Services⁸⁰

Introduction

Legal services comprise legal advisory and representation services in various fields of law (e.g., criminal law), advisory and representation

⁷⁹ Industry representative, interview by USITC staff, Washington, DC, Apr. 4, 1995, and the Industry Sector Advisory Committee on Services for Trade Policy Matters, *The Report on the Uruguay Round Multilateral Trade Agreement*, Jan. 15, 1994.

⁸⁰ Among the individuals consulted by USITC staff in preparation of this discussion were those affiliated with the following organizations: American Bar Association; White and Case; Baker and Mackenzie; Bryan Cave; Morgan, Lewis, and Bockius; Donovan, Leisure, Newton, and Irvine (Paris office); LeBoeuf, Lamb, Greene & MacRae (Brussels office); Oppenheimer, Wolff & Donnelly (Brussels office); and the Bureau of Economic Analysis, U.S. Department of Commerce.

services in statutory procedures of quasi-judicial bodies, legal documentation and certification services, and other legal advisory and information services.⁸¹ Recently, the legal service industry has experienced dramatic growth both in the United States and abroad, spurred primarily by increased demand from firms seeking advice on deregulation, corporate restructuring, and the emergence of new financial instruments.⁸² In addition, changes in federal and state law have created demand for legal services in areas such as product and personal liability, bankruptcy, family law, and civil rights.

Nature of International Trade in Legal Services

Legal services are traded in a variety of ways. U.S. law firms sometimes establish affiliates in foreign markets where longstanding clients from the home market have established operations. The affiliate's lawyers may become members of foreign bars, giving them the right to appear in local courts and to prepare advice on local law. However, most U.S. lawyers in foreign markets operate as so-called foreign legal consultants. Foreign legal consultants are members of a bar in the United States, but are not members of the bar in the foreign countries in which their clients reside. They variously provide legal advice to clients on U.S. law, international law, and third-country law, but are precluded from appearing in local courts or giving independent advice on local law.

Cross-border provision of legal services is also possible. Individuals, acting alone or in the employ of U.S. law firms, may travel abroad occasionally to provide legal advice to clients. U.S. lawyers also may provide many routine legal

⁸¹ Legal services are captured under the SIC code 811.

⁸² Richard H. Sander and E. Douglass Williams, "Why Are There So Many Lawyers? Perspectives on a Turbulent Market," *Law and Social Inquiry: Journal of the American Bar Foundation*, Summer 1989, p. 435; and as seen in USITC, *Legal Services Industry and Trade Summary*, Feb. 1993, p. 1.

services across national borders, using common telecommunication and telefacsimile devices. Only transactions undertaken by lawyers present in the United States are reflected in cross-border trade data.

Data for trade in legal services are only available on a cross-border basis.⁸³ In 1993, U.S. exports of legal services totaled \$1.5 billion, or approximately 1 percent of total cross-border exports to unaffiliated foreigners.⁸⁴ The trading partners covered in this study account for approximately 80 percent of total U.S. exports of legal services.⁸⁵ During 1993, Japan and the United Kingdom were the largest export markets for U.S. legal services, accounting for approximately 23 percent and 22 percent of such exports, respectively. Other significant markets for U.S. legal services included France, Germany, Canada, and Mexico (figure 7-12).

Both imports and exports of legal services have increased steadily since 1991.⁸⁶ Imports, growing at an average annual rate of 16 percent, have increased at a significantly faster pace than exports, growing at an average annual rate of 5 percent (figure 7-13). However, the increase in the dollar value of exports has been greater than that of imports, resulting in a growing surplus. In 1993, the U.S. trade surplus in legal services was approximately \$1.1 billion, accounting for approximately 3 percent of the U.S. cross-border trade surplus.⁸⁷

⁸³ There is a disagreement within the legal community as to the exact size of affiliate trade, however, cross-border trade appears to be much larger. Peter D. Ehrenhaft, Esquire, testimony before the United States International Trade Commission, June 7, 1995; and Industry representative, interview by USITC staff, Washington, DC, Feb. 23, 1995.

⁸⁴ USDOC, BEA, *Survey of Current Business*, Sept. 1994, p. 136.

⁸⁵ USITC staff estimates.

⁸⁶ In 1991, the Bureau of Economic Analysis expanded its survey of legal services exports to capture previously unrecorded data.

⁸⁷ USDOC, BEA, *Survey of Current Business*, Sept. 1994, p. 136.

Examination of Commitments on Legal Services

Overview

As previously noted, law firms provide services across borders and through foreign-based affiliates. The legal profession reportedly encounters nontariff barriers such as restrictions on the movement of professional, managerial, and technical personnel; discrimination in the licensing process; and the lack of recognition of foreign qualifications.⁸⁸ Such barriers affect the provision of legal services through almost all modes of supply.

Commitments scheduled by the subject trading partners are most restrictive with respect to the presence of natural persons, which is the mode of supply most likely to be used by legal service providers. All subject trading partners left limitations regarding the presence of natural persons unbound,⁸⁹ allowing them to maintain or render services to overseas clients (table 7-4).⁹⁰ However, cross-industry commitments regarding the temporary entry and stay of natural persons provide important exemptions to these restrictions (appendix H).

Subject Trading Partner Commitments on Legal Services

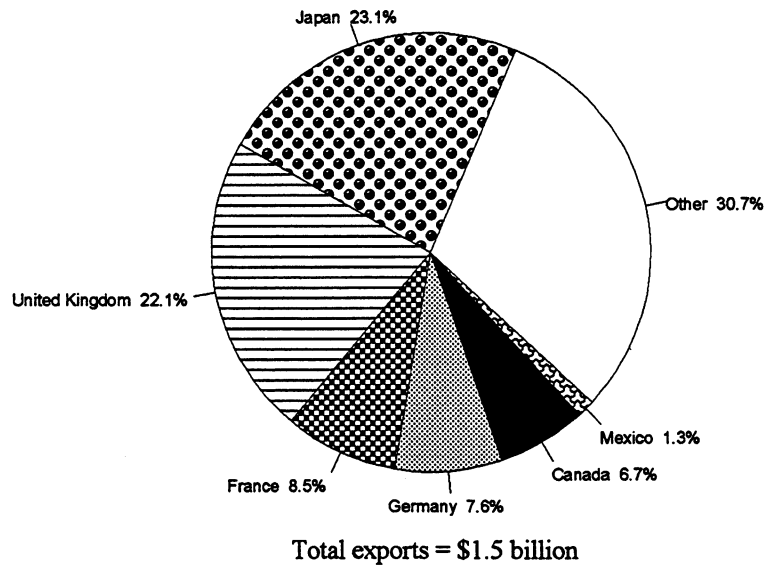
Japan imposes a number of restrictions on foreign attorneys. Most apply to foreign legal consultants working out of Japan-based offices of foreign law firms. The most important restriction prohibits foreign legal firms from employing or establishing a full partnership with *bengoshi*, the only lawyers permitted to practice Japanese law of all types. Close association with *bengoshi* would allow Japan-based affiliates to compete more

⁸⁸ USDOC, ITA, *Benefit to Service Industries of the General Agreement on Trade in Services* (Washington, DC: GPO, 1994), p. 14.

⁸⁹ An unbound commitment allows a country to maintain or impose measures that are inconsistent with market access and national treatment.

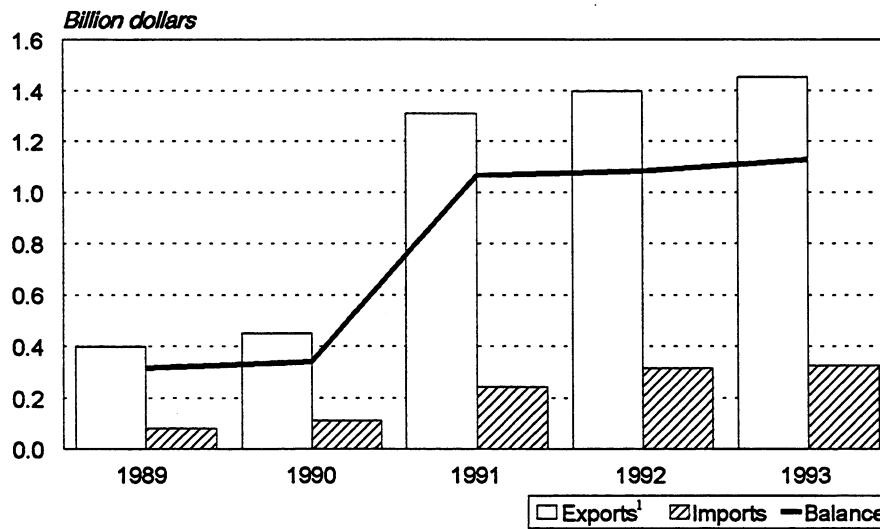
⁹⁰ A detailed table of legal service commitments can be found in appendix S.

Figure 7-12
 Legal services: Cross-border exports by principal market, 1993



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Figure 7-13
 Legal services: Cross-border exports, imports, and trade balance, 1989-93



¹ In 1991, the Bureau of Economic Analysis expanded its survey of legal services exports to capture previously unrecorded data.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1992 and Sept. 1994.

Table 7-4

Highlights of commitments on legal services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	<ul style="list-style-type: none"> No limitations 	<ul style="list-style-type: none"> No limitations 	<ul style="list-style-type: none"> Limited access³ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴
European Union ⁵	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> No limitations 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴
Japan	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴
Mexico	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴ 	<ul style="list-style-type: none"> Limited access³ Discriminatory treatment⁴

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Limited access indicates the presence of market access limitations.

⁴ Discriminatory treatment indicates the presence of national treatment limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

effectively for Japanese clients as they would then be able to provide a full range of legal services. Japan does allow limited association between foreign lawyers and *bengoshi* in so-called joint enterprises, but requires that the participants be identified, funded, and staffed as distinct entities. Members of the U.S. legal service industry have expressed the belief that this form of association is of limited value.⁹¹

Japan's schedule also lists other restrictions applicable to foreign legal consultants. Foreign legal consultants are not permitted to provide advice on third-country law. In addition, foreign legal consultants are restricted in their ability to participate in international arbitration. Essentially, to participate in arbitration, foreign legal consultants must be accompanied by *bengoshi*. Last, foreign legal consultants must have practiced law for 5 years in the same jurisdiction prior to conducting business in Japan. Up to two of these

preparatory years may be spent in Japan, so long as all 5 years are supervised by a foreign lawyer who is a member of the same bar as the foreign legal consultant.⁹²

In spite of the restrictions applied to foreign legal consultants in Japan, it does appear that in at least one instance, negotiation of the GATS benefitted these service providers to a modest degree. Prior to the Uruguay Round, foreign legal consultants were prohibited from referencing their firm's name to attract business. It has been reported that this restriction was terminated as a result of GATS negotiations.⁹³ Japan's schedule confirms this change.

Japan's schedule also addresses service provision by other types of foreign lawyers. Foreign attorneys that pass the Japanese bar may practice as *bengoshi*. In addition, foreign lawyers with the proper qualifications may practice as patent attorneys (*benrishi*) and maritime procedure

⁹¹ Peter D. Ehrenhaft, Esquire, testimony before the United States International Trade Commission, June 7, 1995; and industry representative, interview by USITC staff, Washington, DC, Feb. 23, 1995.

⁹² Peter D. Ehrenhaft, Esquire, testimony before the United States International Trade Commission, June 7, 1995.

⁹³ Ibid.

agents (*kaijidairishi*). Japan's schedule indicates that all these legal service providers, except maritime procedure agents, must establish a commercial presence in order to practice in Japan. Cross-industry commitments permit all foreign lawyers to remain in Japan for up to 5 years if they are employed by, or are partners in, a foreign law firm.⁹⁴

Similar to Japan, the European Union prohibits foreign legal consultants from forming close associations with local lawyers. Foreign legal consultants are not permitted to hire and form partnerships with local attorneys, which would allow them to provide a full range of legal services to foreign clients.⁹⁵ The most restrictive legal consultants to provide legal services in France.⁹⁶ France requires that foreign lawyers pass the French Bar examination prior to drafting legal documents or providing legal advice. Passing the examination requires comprehensive knowledge of the French language and French law, the latter of which effectively requires one to undertake formal law studies in France. Subsequent to passing the French Bar, foreign lawyers may practice French law and international law. Denmark, too, requires foreign lawyers to pass its national bar examination prior to providing legal services.⁹⁷

Germany and Luxembourg apply restrictions on foreign lawyers as well. To establish a commercial presence in Germany, foreign lawyers must be admitted into a Bar Association, requiring

establishment as a sole proprietorship or partnership only. It is not clear whether admittance in a Bar Association also requires foreign lawyers to pass an examination. To establish a commercial presence in Luxembourg, foreign lawyers are required to be members of the Bar, which may require a test or training period. Luxembourg maintains unbound restrictions on foreign lawyers entering as natural persons.⁹⁸

Among EU member states, Finland currently has the most open commitments on legal services. Basically, anyone may provide legal advice, although a foreign lawyer may not sit as a judge. Finland's commitments may change as a result of combining its schedule with that of the European Union.⁹⁹

Canada confines legal service commitments to those provided by foreign legal consultants. Foreign legal consultants can practice on a temporary basis without normal accreditation in British Columbia, Saskatchewan, and Ontario. These commitments result from reciprocity arrangements negotiated in the context of the NAFTA. In practice, other Canadian Provinces are also adopting regimes for temporary accreditation and it may be possible to bind these in future negotiations.¹⁰⁰

Canadian restrictions regarding the presence of natural persons are unbound with respect to both market access and national treatment. However, cross-industry commitments provide exemptions for foreign legal consultants, who can stay in Canada for up to 90 days in each twelve-month period to work under contract if they are employed by a firm that does not have a commercial presence in Canada. In addition, many U.S. lawyers may cross the border to conduct legal business in Canada or provide legal services to Canadian clients from a New York

⁹⁴ Japanese Ministry of Foreign Affairs, facsimile received in response to telefax inquiry by USITC staff, Mar. 17, 1995; and Japanese Government official, telephone interview by USITC staff, Aug. 16, 1995.

⁹⁵ Neils Fisch-Thomsen, "The Council of the Bars and Law Societies of the European Community," *Liberalization of Trade in Professional Services* (Paris: OECD, 1995), p. 104.

⁹⁶ Trade regulations pertaining to legal services remain restrictive in spite of the passage of French law No. 90-1259 on Dec. 31, 1990, which reportedly opened the entire range of legal and judicial activities to foreign lawyers.

⁹⁷ EU Commission officials, interviews by USITC staff, Brussels, July 18-19, 1995.

⁹⁸ *Ibid.*

⁹⁹ Finnish official, interview by USITC staff, Geneva, July 24, 1995.

¹⁰⁰ Canadian Department of Foreign Affairs and International Trade, facsimile received in response to telefax inquiry by USITC staff, Feb. 20, 1995.

office.¹⁰¹ Cross-industry commitments regarding investment require non-resident firms in Alberta, Newfoundland, and Labrador to use local attorneys, which may limit legal work available to U.S. attorneys in those Provinces.

Mexico offers no commitments regarding legal services. Consequently, it reserves the right to maintain, as well as impose, unlimited restrictions in the future. However, in practice, U.S. firms have been able to establish a presence in Mexico as a result of NAFTA provisions.¹⁰² Under the terms of the NAFTA, U.S. lawyers and law firms have the right to act as licensed foreign legal consultants in Mexico, provided that the State in which the U.S. lawyer is licensed accords equivalent treatment to Mexican lawyers and law firms.¹⁰³ Further, a source from a prominent U.S. law firm has indicated that the firm conducts almost as much business in border towns, such as Tijuana and Juarez, as in Mexico City.¹⁰⁴

Industry Opinion

Japan is a large market for U.S. legal services with the greatest potential long-term growth. The U.S. legal service industry has expressed dissatisfaction with Japan's commitments, especially those limiting the association of U.S. lawyers and Japanese *bengoshi*. Industry representatives generally have praised EU commitments regarding legal services,¹⁰⁵ although some have expressed disappointment regarding

commitments scheduled by France.¹⁰⁶ Canadian and Mexican commitments generally represent standstills of pre-existing limitations, and most trade restrictions are being liberalized in the context of the NAFTA.

Summary

Among the subject trading partners, it appears that Canada has scheduled the least restrictive commitments with respect to legal services whereas Mexico, which has scheduled no commitments, appears the most restrictive. However, the adverse effects of Mexico's trade impediments on U.S. lawyers reportedly are reduced by NAFTA provisions. Apart from Mexico, Japan remains most restrictive. Japan's prohibitions on the association of *bengoshi* and foreign legal consultants are especially problematic. Although Japan, Canada, and the European Union leave restrictions on the movement of natural persons unbound, each trading partner's cross-industry commitments allow more favorable treatment for foreign lawyers.

With the exception of Mexico and certain EU member states, all subject trading partners scheduled legal service commitments that serve the purposes of transparency and benchmarking. Where partial and full commitments have been scheduled, trade impediments may become no more restrictive. In addition, the identification of existing trade restrictions will serve to focus future negotiations intended to loosen or terminate remaining impediments to trade in legal services. Ideally, benchmarks will serve to help negotiators and interested observers gauge the extent to which the United States' major trading partners, minus Mexico, are opening their legal services markets to foreign competition.

¹⁰¹ Industry representative, interview by USITC staff, New York, NY, Mar. 15, 1995.

¹⁰² Industry representative, interview by USITC staff, Washington, DC, Mar. 2, 1995.

¹⁰³ *NAFTA, Annex VI, Schedule of Mexico*, Professional Services 1.(a).

¹⁰⁴ Industry representative, interview by USITC staff, Washington, DC, Mar. 15, 1995.

¹⁰⁵ Peter D. Ehrenhaft, Esquire, testimony before the United States International Trade Commission, June 7, 1995.

¹⁰⁶ Industry representative, interview by USITC staff, Washington, DC, Feb. 23, 1995.

CHAPTER 8

Transportation Services

Introduction¹

For the purpose of this study, transportation services are defined as: road transportation (both passenger and freight); railroad transportation (both passenger and freight); other transportation, such as pipeline transportation; auxiliary freight services, such as warehousing and the arrangement of transportation of freight and cargo; and other auxiliary services.² This report does not address air or maritime transportation services.³

Nature of International Trade in Transportation Services

International trade in land transportation services comprises both cross-border transactions and sales by affiliates.⁴ The relative importance of

each type of trade differs with each transportation service. For some types of transportation services, geographic proximity (to the United States) determines whether or not a permanent commercial presence is required to provide the services. For example, a U.S. trucking firm would find it difficult to provide transportation in the European Union (EU) without a commercial presence in an EU member state. However, a U.S. trucker could easily provide the same service in Canada with or without a commercial presence in that country. With respect to rail transportation, a foreign firm would not be able to provide this service, either with or without a domestic commercial presence, unless the country in which the service is provided grants track rights to the service provider.⁵ For other transportation services, such as freight forwarding, a commercial presence is not necessary. These services involve only the arrangement of freight transportation.

Trade data pertaining to land transportation services⁶ refer to the delivery of a transportation service either through cross-border transactions or through sales by majority-owned affiliates.⁷ Because the modes of supply vary depending on both the type of service provided and the geographic location of the countries involved, it is not possible to determine the relative importance of cross-border transactions and sales by affiliates.

¹ Among the individuals consulted by USITC staff in the preparation of this report were those affiliated with the following organizations: the American Trucking Association; the Association of American Railroads; the Railway Progress Institute; the American Association of Port Authorities; the Federal Railroad Administration; the Federal Highway Administration; and the Census Bureau and the Bureau of Economic Analysis (BEA), U.S. Department of Commerce (USDOC).

² The corresponding U.S. Standard Industrial Classification codes are 40, railroad transportation; 41, local and suburban transit and interurban highway passenger transportation; 42, motor freight transportation and warehousing; 46, pipelines, except natural gas; 4731, arrangement of transportation of freight and cargo; 4741, rental of railroad cars; parts of 4785, fixed facilities and inspection and weighing services for motor vehicle transportation; and parts of 4922, natural gas transmission. Air and maritime services are excluded for the purposes of this study.

³ These sectors were not included in the study request (appendix A).

⁴ It is possible that the goods transported never enter the country exporting and/or the country importing the service. For example, a service provider in country A (the exporter of the service)
(continued...)

⁴ (...continued)

may have a contract with a firm in country B (the importer of the service) to transport goods from country C to country D.

⁵ The granting of track rights refers to the use of the rail right-of-way.

⁶ Data presented in this section include data for freight transportation services (except air and maritime), and port services (except maritime). Data do not include receipts from passenger fares or receipts from certain ancillary services.

⁷ Disaggregated data for sales by majority-owned affiliates are not available because information has been suppressed to avoid disclosure of transactions made by individual companies.

Cross-Border Transactions

The largest components of U.S. trade in land transportation services covered by this report include freight transportation by truck and rail, port services other than water, and auxiliary transportation services. In 1993, U.S. exports of these transportation services totaled \$2 billion, representing about 1 percent of total cross-border exports of private services to unaffiliated foreign persons.⁸ During 1989-93, cross-border exports increased by an average annual rate of 4 percent. The trading partners covered in this study account for over 60 percent of U.S. cross-border exports of land transportation services. During 1993, Canada was the largest market for U.S. exports of transportation services, accounting for approximately 30 percent of total exports (figure 8-1). Japan was the second largest export market, with approximately 8 percent of total exports. Other major markets for U.S. transportation services are the Netherlands, the United Kingdom, and Mexico. As a result of liberalization under the North American Free-Trade Agreement (NAFTA), Mexico is likely to become a much larger market; however, 1993 cross-border trade statistics do not reflect this.⁹

In 1993, the U.S. surplus in cross-border transactions in land transportation services was approximately \$826 million, representing about 2 percent of the surplus in cross-border transactions in private services with unaffiliated foreign persons. The trade surplus in transportation services has fluctuated over the period 1989-93, ranging from a high of \$869 million in 1992 to a low of \$656 million in 1991 (figure 8-2). On average, the surplus increased by 2 percent annually during 1989-93.

Sales by Majority-Owned Affiliates

Data for sales by majority-owned affiliates are available only in a highly aggregated form. Sales

⁸ USDOC, BEA, *Survey of Current Business*, Sept. 1994, p. 11.

⁹ The NAFTA entered into force on Jan. 1, 1994.

of all transportation services to foreign persons by majority-owned foreign affiliates of U.S. companies totaled \$6.5 billion in 1992.¹⁰ This includes receipts for air and maritime transportation. For the purposes of this study, the portion of this figure attributable to freight transportation, excluding air or maritime, is estimated at less than \$325 million in 1992.¹¹ This represents less than 1 percent of total sales by majority-owned foreign affiliates of U.S. firms. Imports of all transportation services (including air and maritime) through sales by majority-owned U.S. affiliates of foreign companies totaled approximately \$8.5 billion in 1992. Country or regional breakouts are not available because certain data have been suppressed to avoid disclosing confidential information. The trade deficit in affiliate sales of all transportation services reached \$2.0 billion in 1992, down from \$2.8 billion in 1989.

Examination of Commitments on Transportation Services

Overview

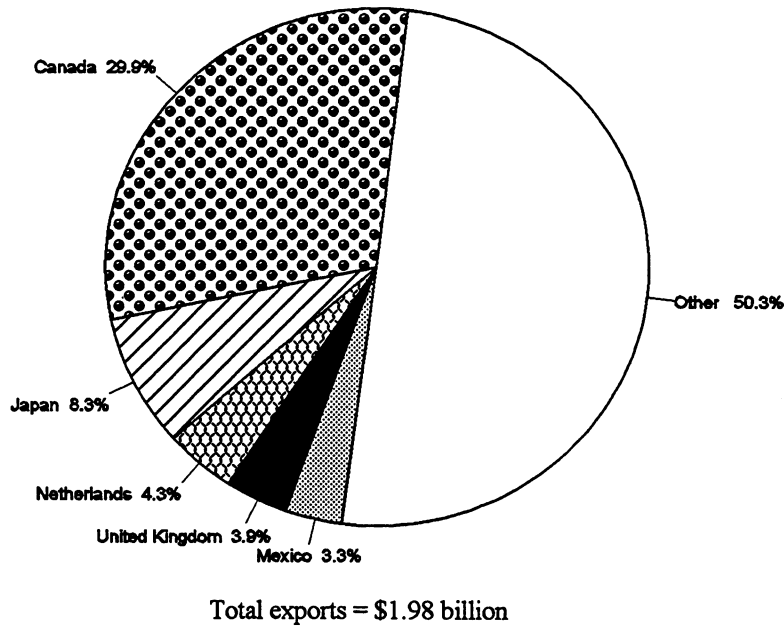
As noted, land transportation services are provided to foreign consumers through cross-border trade and sales by overseas affiliates. The types of trade barriers common in this industry vary according to the type of transport service, although limitations to commercial presence, such as investment barriers, nationality requirements, and establishment restrictions affect the ability of most U.S. transportation service providers to enter foreign markets. In addition, land transportation service providers are affected by the lack of standardization of operational rules and regulations, which was not addressed under the General Agreement on Trade in Services (GATS). Freight forwarders and customs brokers are subject to specific licensing requirements. Customs brokers are also often subject to

¹⁰ USDOC, BEA, *Survey of Current Business*, Sept. 1994, p. 136.

¹¹ USITC staff estimate.

Figure 8-1

Freight transportation services:¹ Cross-border exports by principal market, 1993

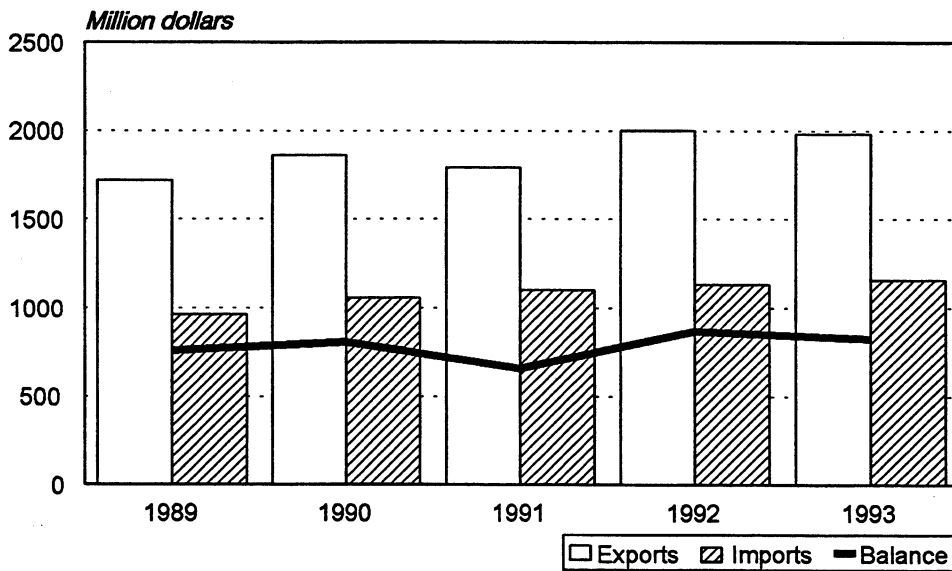


¹ Excludes air and maritime transportation services, the largest components of transportation trade.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Figure 8-2

Freight transportation services:¹ Cross-border exports, imports, and trade balance, 1989-93



¹ Excludes air and maritime transportation services, the largest components of transportation trade.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

nationality restrictions. All cabotage (i.e., domestic point-to-point service) is usually reserved for domestic providers.

The scope of commitments scheduled by each subject trading partner is broad, but trading partners address different subsectors of the land transportation service industry in many instances (table 8-1). Limitations on foreign service providers are most numerous with respect to cross-border supply, commercial presence, and presence of natural persons.¹² However, cross-industry commitments regarding temporary entry and stay of natural persons soften restrictions placed on the movement of persons (appendix H).

Subject Trading Partner Commitments on Transportation Services

Canada has made a variety of transportation service commitments, but has retained broad limitations on market access for any federally regulated transportation undertaking.¹³ In addition, approval is required from the National Transportation Agency prior to acquisition of any transportation undertaking with assets or annual gross sales in excess of C\$10 million. Approval also is required for foreign control of many Canadian suppliers of transportation services.¹⁴

In order for a foreign firm to establish a commercial presence to provide rail passenger and freight transportation, the Provinces of Newfoundland and Manitoba require certain board

members and directors, respectively, to reside in the Province. For the provision of road freight transportation, the Province of Quebec requires a commercial presence in the region covered by the operating permit. The provision of road transportation¹⁵ is subject to needs tests in most Provinces. With respect to various auxiliary services, Canada has retained limitations on cross-border supply and commercial presence for licensed customs brokers. With respect to all other transportation services, Canada has left restrictions unbound, allowing it to maintain or impose measures inconsistent with full market access and national treatment.¹⁶ Restrictions are most onerous with respect to the presence of natural persons, yet cross-industry commitments regarding the temporary entry and stay of natural persons permit intra-corporate transferees to remain in Canada for 3 years and other business visitors to remain for 90 days.

The European Union has made commitments on road transportation; combined transport; and auxiliary services, specifically storage and warehousing. The European Union leaves restrictions on cabotage for road transportation of passengers and freight unbound, but permits the provision of rental services of non-scheduled buses starting in 1996. The European Union also permits the rental of commercial road vehicles with operators. EU member states have scheduled regulations and needs tests governing the number of suppliers in road transport. These barriers vary according to the type of road transport. There are different limitations for trucking, busing, taxi services, or other types of road transport in Denmark, Finland, France, Ireland, Italy, Portugal, Spain, and Sweden. The European Union has

¹² A detailed table of transportation service commitments can be found in appendix T.

¹³ These limitations do not apply to transportation undertakings operated by a person whose principal place of residence is outside Canada, or those engaged in the transport of goods or passengers solely between Canada and another country.

¹⁴ This applies to direct acquisitions of businesses with assets of C\$5 million or more, indirect acquisitions of businesses with assets of C\$50 million or more, and indirect acquisitions of businesses with assets between C\$5 million and C\$50 million if the transportation service supplier accounts for more than 50 percent of the value of all businesses acquired through a single transaction.

¹⁵ For freight transportation, this applies to the provision of the service through a commercial presence, and for passenger transportation, through cross-border supply or a commercial presence.

¹⁶ Cross-border trade between the United States and Canada has existed for some time in both trucking and rail. Many of these freedoms predate the NAFTA, however, the NAFTA provides for more liberal trade in transportation with Canada than does the GATS.

Table 8-1

Highlights of commitments on transportation services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	ROAD PASSENGER TRANSPORTATION: • Limited access ³	ROAD PASSENGER TRANSPORTATION: • No limitations	ROAD PASSENGER TRANSPORTATION: • Limited access ³	ROAD PASSENGER TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴
	ROAD FREIGHT TRANSPORTATION: • Limited access ³	ROAD FREIGHT TRANSPORTATION: • No limitations	ROAD FREIGHT TRANSPORTATION: • Limited access ³	ROAD FREIGHT TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴
	OTHER TRANSPORTATION: ⁵ • Limited access ³	OTHER TRANSPORTATION: ⁵ • No limitations	OTHER TRANSPORTATION: ⁵ • Discriminatory treatment ⁴	OTHER TRANSPORTATION: ⁵ • Limited access ³ • Discriminatory treatment ⁴
	AUXILIARY FREIGHT SERVICES: • Limited access ³	AUXILIARY FREIGHT SERVICES: • Limited access ³	AUXILIARY FREIGHT SERVICES: • Limited access ³	AUXILIARY FREIGHT SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	OTHER AUXILIARY SERVICES: ⁶ • Limited access ³	OTHER AUXILIARY SERVICES: ⁶ • No limitations	OTHER AUXILIARY SERVICES: ⁶ • No limitations	OTHER AUXILIARY SERVICES: ⁶ • Limited access ³ • Discriminatory treatment ⁴
European Union ⁷	ALL TRANSPORTATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL TRANSPORTATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL TRANSPORTATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴	ALL TRANSPORTATION SERVICES: • Limited access ³ • Discriminatory treatment ⁴
Japan	ROAD PASSENGER TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴	ROAD PASSENGER TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴	ROAD PASSENGER TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴	ROAD PASSENGER TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴
	ROAD FREIGHT TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴	ROAD FREIGHT TRANSPORTATION: • No limitations	ROAD FREIGHT TRANSPORTATION: • Limited access ³	ROAD FREIGHT TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴
	OTHER TRANSPORTATION: ⁵ • No limitations	OTHER TRANSPORTATION: ⁵ • No limitations	OTHER TRANSPORTATION: ⁵ • Discriminatory treatment ⁴	OTHER TRANSPORTATION: ⁵ • Limited access ³ • Discriminatory treatment ⁴
	AUXILIARY FREIGHT SERVICES: • Limited access ³ • Discriminatory treatment ⁴	AUXILIARY FREIGHT SERVICES: • Limited access ³ • Discriminatory treatment ⁴	AUXILIARY FREIGHT SERVICES: • Discriminatory treatment ⁴	AUXILIARY FREIGHT SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	OTHER AUXILIARY SERVICES: ⁶ • No limitations	OTHER AUXILIARY SERVICES: ⁶ • No limitations	OTHER AUXILIARY SERVICES: ⁶ • No limitations	OTHER AUXILIARY SERVICES: ⁶ • Limited access ³ • Discriminatory treatment ⁴
Mexico	ROAD PASSENGER TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴	ROAD PASSENGER TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴	ROAD PASSENGER TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴	ROAD PASSENGER TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴
	ROAD FREIGHT TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴	ROAD FREIGHT TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴	ROAD FREIGHT TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴	ROAD FREIGHT TRANSPORTATION: • Limited access ³ • Discriminatory treatment ⁴
	OTHER TRANSPORTATION: ⁵ • Limited access ³ • Discriminatory treatment ⁴	OTHER TRANSPORTATION: ⁵ • No limitations	OTHER TRANSPORTATION: ⁵ • Limited access ³ • Discriminatory treatment ⁴	OTHER TRANSPORTATION: ⁵ • Limited access ³ • Discriminatory treatment ⁴

Table 8-1 (continued)
Highlights of commitments on transportation services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Mexico (continued)	AUXILIARY FREIGHT SERVICES: • Limited access ³ • Discriminatory treatment ⁴	AUXILIARY FREIGHT SERVICES: • Limited access ³ • Discriminatory treatment ⁴	AUXILIARY FREIGHT SERVICES: • Limited access ³ • Discriminatory treatment ⁴	AUXILIARY FREIGHT SERVICES: • Limited access ³ • Discriminatory treatment ⁴
	OTHER AUXILIARY SERVICES: ⁶ • No limitations	OTHER AUXILIARY SERVICES: ⁶ • No limitations	OTHER AUXILIARY SERVICES: ⁶ • Limited access ³ • Discriminatory treatment ⁴	OTHER AUXILIARY SERVICES: ⁶ • Limited access ³ • Discriminatory treatment ⁴

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Limited access indicates the presence of market access limitations.

⁴ Discriminatory treatment indicates the presence of national treatment limitations.

⁵ "Other Transportation" only incorporates other transportation services specifically mentioned in the commitments.

⁶ "Other Auxiliary Services" only incorporates other auxiliary services specifically mentioned in the commitments.

⁷ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

listed specifically that no further limitations apply to the supply of combined land transport services through a commercial presence, other than those which apply to each service separately.¹⁷ Restrictions on all other transportation services remain unbound.

The European Union has left restrictions on the presence of natural persons unbound for all transportation services. However, cross-industry commitments permit the temporary presence of business persons who are negotiating the establishment of a commercial presence. The permissible length of stay is not stipulated in the commitments, allowing individual member states to determine how long executives may remain.

In addition to restrictions stated in the commitments, the European Union listed several most-favored-nation (MFN) exemptions specific to transportation services (table 8-2). These MFN exemptions principally provide market access to

vehicles registered in other countries on the basis of reciprocity. They also provide exemptions to value-added and vehicle taxes. In addition, Spain allows foreign firms to establish a commercial presence in Spain only if their home country accords effective market access to Spanish service suppliers.

Japan has scheduled commitments for storage and warehousing, customs clearance agent services, road freight transport, rental of rail equipment with operators, and pipeline transport (excluding petroleum and petroleum products). Japan has retained rights to limit the foreign supply of road freight transport services through emergency safeguard measures. For pipeline transport and the rental of rail equipment with operators, Japan imposes no trade restrictions specific to commercial presence. Japan also has scheduled no trade restrictions on commercial presence for storage and warehousing, and customs clearance agent services. However, Japan has reserved the right to impose restrictions on all other transportation services.

¹⁷ This commitment confirms the right to organize end-to-end service (using different modes of transportation), without limiting the supply of the service to the trucking industry exclusively. EU Commission officials, interviews with USITC staff, Brussels, July 19, 1995.

Table 8-2
Most-favored-nation (MFN) exemptions in transportation services

Country/Region listing MFN exemption	Scope of Transportation Services to which Exemption Applies	Description of Measure	Countries Awarded Preference	Duration of Preference	Reason for Listing MFN Exemption
European Union ¹	Combined passenger and freight transportation (road and rail) and passenger transport	Existing or future provisions may only allow vehicles registered in the appropriate countries to provide transportation services between the EU and those countries. In addition, provisions may provide for tax exemptions for such vehicles.	Switzerland; states in Central, Eastern, and South-Eastern Europe; all members of the Commonwealth of Independent States; Albania; Turkey; Lebanon; Israel; Syria; Jordan; Egypt; Tunisia; Algeria; Morocco; Cyprus; Malta; Iran; Afghanistan; Iraq; and Kuwait	Indefinite	Allows the cross-border provision of road transport services within the region.
<i>Austria</i>	International passenger road transportation	Exemption from the value-added tax (VAT).	Successor States of former Yugoslavia, Poland, Switzerland, successor States of the former USSR (with the exception of the Baltic States, Azerbaijan, Georgia, Moldova and Uzbekistan), Czech Republic, Slovak Republic, Hungary	Indefinite	Facilitates the development of international tourism and it ensures reciprocity.
	International passenger and freight road transportation	Exemption from vehicles tax under certain conditions on the grounds of <i>de facto</i> reciprocity.	Australia, Bulgaria, successor States of former Yugoslavia, Cambodia, Cuba, Malta, Morocco, Romania, Switzerland, successor States of the former USSR (with the exception of the Baltic States, Azerbaijan, Georgia, Moldova and Uzbekistan), Czech Republic, Slovak Republic, Poland, Hungary, Bulgaria, Israel, Monaco, San Marino, Turkey, Hungary, Vatican City, United States	Indefinite	Facilitates the development of international tourism and transport of goods and it ensures reciprocity.
<i>Spain</i>	Road freight transportation	Establishment of a commercial presence requires effective market access to Spanish service suppliers.	All countries	Indefinite	Ensures effective market access for and equivalent treatment of Spanish service suppliers.
Mexico	Passenger road transportation	Vehicles registered in the United States of America may supply transportation services into and across Mexico.	United States of America	Indefinite	Facilitates tourism by U.S. citizens traveling by bus, car or other road transportation.

¹ Additional MFN exemptions are listed under the relevant EU member states' individual exemptions.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Final list of Article II (MFN) Exemptions (GATS/EL/7), Apr. 1994; GATS, Canada: Final list of Article II (MFN) Exemptions (GATS/EL/16), Apr. 1994; GATS, European Union: Final list of Article II (MFN) Exemptions (GATS/EL/31), Apr. 1994; GATS, Finland: Final list of Article II (MFN) Exemptions (GATS/EL/33), Apr. 1994; GATS, Japan: Final list of Article II (MFN) Exemptions (GATS/EL/46), Apr. 1994; GATS, Mexico: Final list of Article II (MFN) Exemptions (GATS/EL/56), Apr. 1994, GATS, Sweden: Final list of Article II (MFN) Exemptions (GATS/EL/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews, by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994- May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

Although Japan's restrictions on the presence of natural persons are unbound, its cross-industry commitments permit the temporary presence of certain senior executives. This enables foreign firms to send representatives to establish the commercial presence often necessary to supply transportation services.

Prior to the NAFTA, Mexico had very strict investment and operational barriers, even for non-cabotage-restricted activities, such as transportation across borders.¹⁸ Mexico's commitments under GATS generally do not address these barriers. Mexico has made commitments on the provision of weighbridge services,¹⁹ and the provision of subway and tramway services, which are not addressed specifically by Japan, the European Union, or Canada. With respect to these services, foreign investment may now account for up to 49 percent of the registered capital of enterprises, subsequent to approval by the Ministry of Transport.²⁰ For weighbridge services, there are no restrictions on cross-border supply, although this is probably technically infeasible. Mexico reserves the right to impose restrictions on the cross-border supply of tramway and subway services.²¹ Mexico also has reserved the right to impose restrictions on all other transportation services. Under the MFN exemptions, and in accordance with NAFTA, Mexico reserves the supply of passenger road

¹⁸ The NAFTA ensures that U.S. firms will be able to provide cross-border truck and bus services into Mexico, and will be able to invest in trucking services for carriage of international cargo in Mexico, as well as rail, terminal, and port activities. The agreement also provides a work program to establish compatible land transport and technical safety standards. Office of the United States Trade Representative, *1994 National Trade Estimate Report on Foreign Trade Barriers* (Washington, DC: GPO, 1994), p. 204.

¹⁹ Weighbridge services refer to the weighing of loaded railcars, generally for revenue purposes, but occasionally for safety reasons.

²⁰ This is consistent with previously agreed-upon NAFTA commitments.

²¹ Mexico notes that there is a current lack of technical feasibility.

transport into and across Mexico for vehicles registered in the United States. Cross-industry commitments permit intra-corporate transferees to stay in Mexico for up to 1 year.

Industry Opinion

U.S. firms and associations that provide land transport services have indicated that the existing GATS commitments principally codify existing restrictions.²² For the most part, there is little industry consensus on specific GATS commitments because of their limited scope and disparate nature. Industry representatives indicate that restrictions on commercial presence need to be addressed, particularly those that concern right-to-establishment for road transport operations.²³ However, the land transport sector supports the GATS and is pleased that negotiations recognized the critical role that land transport plays in international trading relations.²⁴ U.S. industry representatives believe that U.S. companies with innovative distribution, communications, and technological expertise will benefit from opportunities to establish businesses in Europe, Asia, and Latin America.²⁵

Summary

Overall, the subject trading partners' commitments on land transportation services are somewhat restrictive. Of the subject trading partners, Canada is the largest market for the

²² Industry representatives, interviews by USITC staff, Washington, DC, Feb. 8, 1995.

²³ Industry representatives, interviews by USITC staff, Washington, DC, Feb. 9, 1995.

²⁴ The main objective of the U.S. land transport industry in the GATS was to ensure that the applicable provisions negotiated under the NAFTA were upheld in the multilateral negotiations. Industry Sector Advisory Committee on Services for Trade Policy Matters (ISAC 13), *Report on the Uruguay Round Multilateral Trade Agreements*, Jan. 15, 1994, pp. 21-22.

²⁵ Industry Sector Advisory Committee on Services for Trade Policy Matters, p. 22.

cross-border supply of transportation services, and Canada, the European Union, and Mexico are important markets for sales by affiliates. Canada's commitments appear to be the least restrictive because they are fairly comprehensive. The European Union and Mexico appear to be the most restrictive, having made few commitments under the GATS.²⁶ Japan also appears to remain restrictive. While these regions made commitments in auxiliary services, they left restrictions on most modes of supply for primary transportation services unbound.

It is unclear whether cross-industry commitments provide for the movement of transportation personnel. All subject trading partners provide for the temporary entry and stay of certain senior executives, managers, and employees negotiating the sale of a service, but the extent to which these provisions apply to the land transportation industry is uncertain.

Overall, the United States' major trading partners have scheduled few commitments that will significantly ease trade restrictions pertaining to land transport services. Trading partners that have scheduled commitments regarding road transport have retained some ability to regulate

²⁶ However, opportunities for U.S. suppliers in Mexico are expanding rapidly under liberalization initiatives negotiated independently of the GATS. Working group negotiations were authorized under the NAFTA.

new suppliers through economic needs tests and other regulatory barriers. Although the European Union and Canada have scheduled commitments in road transport, the right to establish a commercial presence is dependent on local approval based on either need or capacity tests, and this is likely to remain a substantial barrier in most cases. Few commitments were made in the area of rail transport; commitments were restricted to the rental of equipment, with operators. Generally, land transport liberalization in trading partners other than Mexico and Canada is likely to have limited impact on U.S. service providers, because geographic proximity is an important competitive advantage in most land transportation service sectors.²⁷

The subject trading partners' commitments provide a rough framework for future liberalization but do not, in general, appear to provide comprehensive benchmarks. In part, this is due to the varied nature of the land transportation commitments made by each country, and to the complexity of the rules and regulations governing trade in transportation. Canada's schedule, because of its fairly comprehensive nature, appears to be the only schedule that increases regulatory transparency.

²⁷ Industry representatives, interviews by USITC staff, Washington, DC, Jan. 18, 1995.

CHAPTER 9

Travel and Tourism Services

Introduction¹

For the purpose of this report, travel and tourism is defined as travel away from home, for 1 night to 1 year in duration. This chapter covers the services that business travelers and tourists purchase, ranging from the direct supply of food and lodging, to intermediary services provided by travel agents and tour operators.² It excludes air transportation services, which are governed by various bilateral agreements.

Nature of International Trade in Travel and Tourism Services

The most important mode of supply of international travel and tourism is consumption abroad. Expenditures by foreign travelers who visit the United States are reported as cross-border exports. Conversely, expenditures by U.S. citizens visiting other countries enter the U.S. balance of payments as cross-border imports. Sales by foreign-based affiliates of U.S. firms to foreign persons are considered affiliate exports

and sales by U.S.-based affiliates of foreign firms to U.S. persons are considered affiliate imports.

Cross-Border Transactions

In 1993, the U.S. travel and tourism industry generated a \$17.0 billion cross-border trade surplus, accounting for 41 percent of the total cross-border services trade surplus. Receipts of \$57.6 billion from travel and tourism trade represented 41 percent of total U.S. service exports in 1993 (figure 9-1).³ Cross-border exports in travel and tourism have been growing at an average annual rate of 12.3 percent since 1989.⁴ A relatively weak dollar compared to other major currencies and a low inflation rate in the United States increased the flow of inbound tourists. Visitors from Japan, Canada, Mexico, and the European Union (EU) accounted for more than 66 percent of U.S. travel and tourism cross-border receipts in 1993⁵ (figure 9-2). During the same year, U.S. tourists abroad spent an estimated \$40.6 billion.⁶

Sales by Majority-Owned Affiliates

Data on affiliate trade in travel and tourism are available only for the lodging industry, and reflect lodging, food, and beverage services offered in hotels, motels, and similar establishments. The largest markets for foreign affiliates of U.S. firms are Germany, France, Canada, the United Kingdom, and Australia (figure 9-3). Foreign affiliates of U.S. hotels generated revenues totaling an estimated \$2.1 billion in 1992,⁷ representing 1.5 percent of total U.S. affiliate exports. Total affiliate sales of lodging establishments increased at an average annual rate

¹ Among the individuals consulted by USITC staff in preparation of this report were those affiliated with the following organizations: Air Transport Association, American Council of Highway Advertisers, American Express, the American Hotel and Motel Association, American Society of Travel Agents, Choice Hotels, Grant and Associates, Society of Travel Agencies in Government, the Travel and Tourism Government Affairs Council, and the U.S. Travel and Tourism Administration, U.S. Department of Commerce (USDOC).

² For the purpose of this report, the travel and tourism sector consists of services purchased during travel from travel and tourism related industries, which fall under several different U.S. Standard Industrial Classification (SIC) codes. Lodging is captured by codes 701, 703, and 704; eating and drinking establishments, by code 581; travel agencies, by code 4724; and tour operators, by code 4725.

³ USDOC, Bureau of Economic Analysis (BEA), *Survey of Current Business*, Sept. 1994, p. 110.

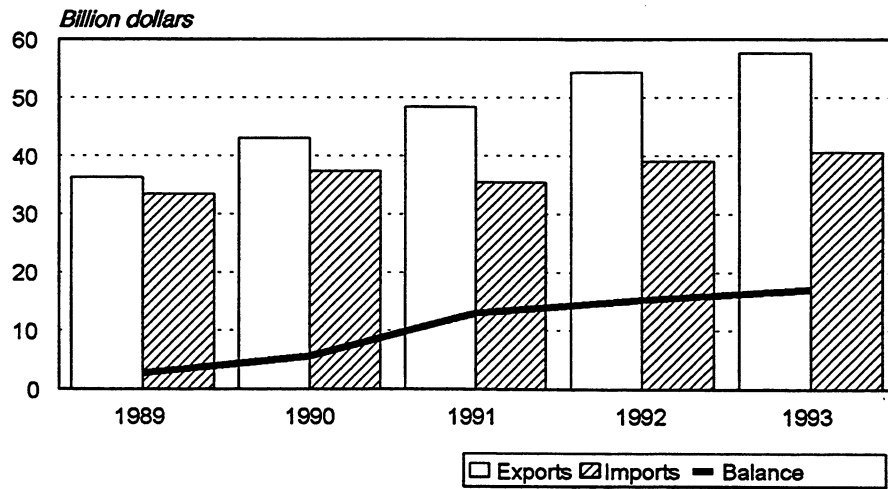
⁴ *Ibid.*, p. 101.

⁵ *Ibid.*, p. 110.

⁶ *Ibid.*, p. 110.

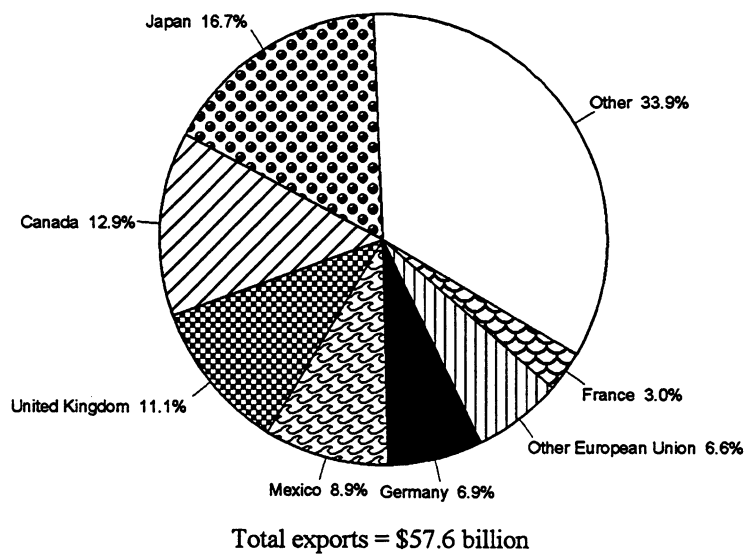
⁷ *Ibid.*, pp. 136 and 138.

Figure 9-1
 Travel and tourism services: Cross-border exports, imports, and trade balance, 1989-93



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

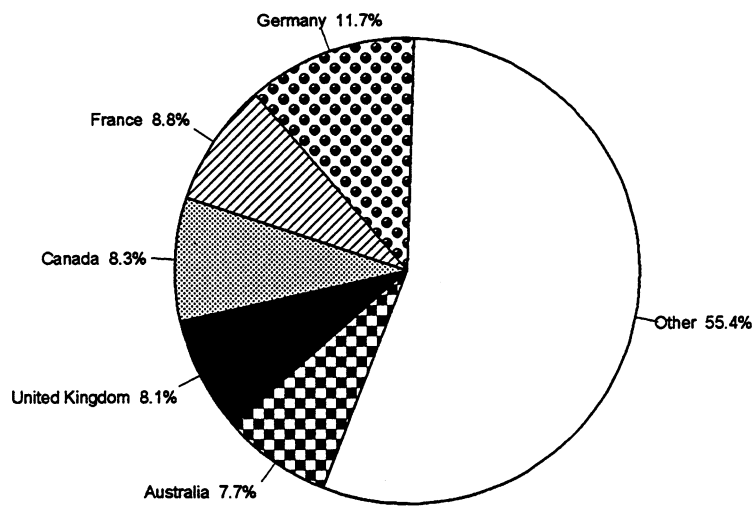
Figure 9-2
 Travel and tourism services: Cross-border exports by principal market, 1993



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

Figure 9-3

Travel and tourism service exports:¹ Sales by majority-owned U.S. firms by principal market, 1992



Total exports = \$2.1 billion

¹ Includes hotel and lodging services, plus food and beverages served in hotel eating establishments. Statistics are not available for other tourism sectors.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1994.

of 2 percent during 1989-92 (figure 9-4). Foreign companies with travel- and tourism-related investments in the United States earned an estimated \$5.2 billion in 1992,⁸ with sales increasing by an average annual rate of 20 percent during 1989-92. Import data are large because several widely recognized hotels are foreign-owned. For example, because Holiday Inn is a British-owned firm, all purchases of services from Holiday Inn in the United States are counted as imports. The U.S. deficit in travel and tourism trade by affiliates increased from \$980 million in 1989 to \$3 billion in 1992.⁹

Examination of Commitments on Travel and Tourism Services

Overview

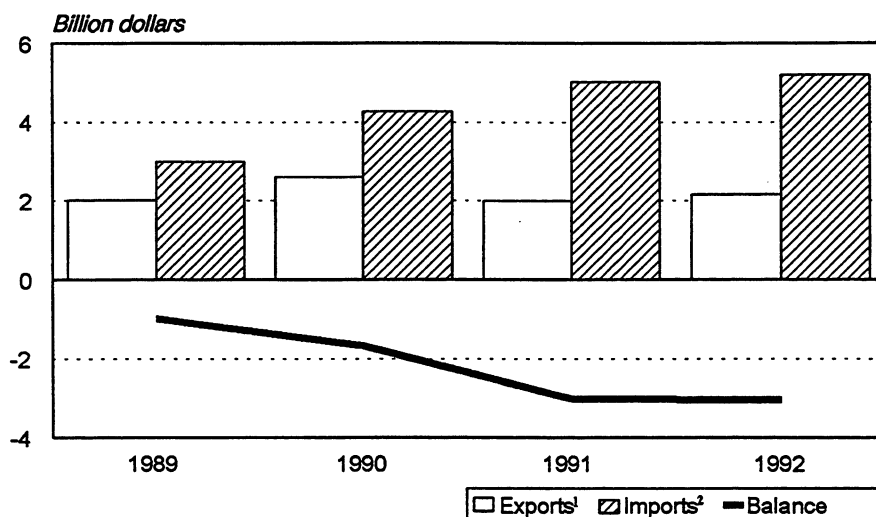
Trade in travel and tourism is generated mainly by tourists who cross borders and stay in hotels, eat at restaurants, and take tours. To a lesser extent, firms establish a commercial presence in foreign countries to sell travel and tourism services to foreigners. While subject trading partners impose virtually no restrictions on the movement of tourists to destinations outside their borders, they do limit the ability of foreign firms to establish a commercial presence in their countries (table 9-1).¹⁰ Cross-industry restrictions on real estate ownership by foreigners hinder the ability of firms to export lodging and eating

⁸ These figures do not include travel agencies and tour operators.

⁹ USDOC, BEA, *Survey of Current Business*, Sept. 1992, pp. 129, 131, and Sept. 1994, pp. 137-138.

¹⁰ A detailed table of commitments on travel and tourism services is located in appendix U.

Figure 9-4
 Travel and tourism service sales by majority-owned affiliates: Exports, imports, and trade balance, 1989-92



¹ Exports comprise sales to foreign persons by foreign-based, majority-owned affiliates of U.S. hotels.

² Imports comprise sales to U.S. persons by U.S.-based, majority-owned affiliates of foreign hotels.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Sept. 1992 and Sept. 1994.

services.¹¹ The following discussion will focus on the cross-industry commitments mentioned above and on the industry-specific commitments made with respect to consumption abroad, commercial presence, and the presence of natural persons.

Subject Trading Partner Commitments on Travel and Tourism Services

Canada scheduled few country-wide limitations on travel and tourism services.¹² It did not schedule commitments on tourist guide services, effectively reserving the right to maintain or impose future trade limitations. Most trade

restrictions found in the Canadian schedule stem from regulations listed by Canada's Provinces. The Provinces of Quebec, Ontario, Saskatchewan, Alberta, Manitoba, Nova Scotia, and Newfoundland list citizenship and residency requirements for persons who manage, own, or direct establishments that serve alcoholic beverages. Quebec and Saskatchewan require owners of all food service establishments to be citizens or permanent residents of Canada. In addition, Ontario charges a 20-percent land transfer tax on the purchase of recreational property, which includes lodging and food service establishments. Ontario and Quebec require travel agencies to have a commercial presence, and individual travel agents to be Provincial or Canadian residents. In British Columbia, one partner in a travel agency must be resident in the Province.

¹¹ A detailed table of cross-industry commitments is located in appendix H.

¹² Canada's trade restrictions under the North American Free-Trade Agreement (NAFTA) are even more liberal than those under the General Agreement on Trade in Services (GATS).

Table 9-1

Highlights of commitments on travel and tourism services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Canada	LODGING SERVICES: • No limitations	LODGING SERVICES: • No limitations	LODGING SERVICES: • Discriminatory treatment ³	LODGING SERVICES: • Limited access ⁴ • Discriminatory treatment ³
	FOOD SERVICES: • No limitations	FOOD SERVICES: • No limitations	FOOD SERVICES: • Limited access ⁴ • Discriminatory treatment ³	FOOD SERVICES: • Limited access ⁴ • Discriminatory treatment ³
	TRAVEL AGENCIES: • Limited access ⁴ • Discriminatory treatment ³	TRAVEL AGENCIES: • No limitations	TRAVEL AGENCIES: • Discriminatory treatment ³	TRAVEL AGENCIES: • Limited access ⁴ • Discriminatory treatment ³
	TOURIST GUIDE SERVICES: • Limited access ⁴ • Discriminatory treatment ³	TOURIST GUIDE SERVICES: • Limited access ⁴ • Discriminatory treatment ³	TOURIST GUIDE SERVICES: • Limited access ⁴ • Discriminatory treatment ³	TOURIST GUIDE SERVICES: • Limited access ⁴ • Discriminatory treatment ³
European Union ⁵	LODGING SERVICES: • Limited access ⁴ • Discriminatory treatment ³	LODGING SERVICES: • No limitations	LODGING SERVICES: • Limited access ⁴	LODGING SERVICES: • Limited access ⁴ • Discriminatory treatment ³
	FOOD SERVICES: • Limited access ⁴ • Discriminatory treatment ³	FOOD SERVICES: • No limitations	FOOD SERVICES: • Limited access ⁴	FOOD SERVICES: • Limited access ⁴ • Discriminatory treatment ³
	TRAVEL AGENCIES: • Limited access ⁴	TRAVEL AGENCIES: • No limitations	TRAVEL AGENCIES: • Limited access ⁴	TRAVEL AGENCIES: • Limited access ⁴ • Discriminatory treatment ³
	TOURIST GUIDE SERVICES: • Limited access ⁴ • Discriminatory treatment ³	TOURIST GUIDE SERVICES: • No limitations	TOURIST GUIDE SERVICES: • No limitations	TOURIST GUIDE SERVICES: • Limited access ⁴ • Discriminatory treatment ³
Japan	LODGING SERVICES: • Limited access ⁴ • Discriminatory treatment ³	LODGING SERVICES: • No limitations	LODGING SERVICES: • No limitations	LODGING SERVICES: • Limited access ⁴ • Discriminatory treatment ³
	FOOD SERVICES: • Limited access ⁴ • Discriminatory treatment ³	FOOD SERVICES: • No limitations	FOOD SERVICES: • No limitations	FOOD SERVICES: • Limited access ⁴ • Discriminatory treatment ³
	TRAVEL AGENCIES: • No limitations	TRAVEL AGENCIES: • No limitations	TRAVEL AGENCIES: • No limitations	TRAVEL AGENCIES: • Limited access ⁴ • Discriminatory treatment ³
	TOURIST GUIDE SERVICES: • Limited access ⁴ • Discriminatory treatment ³	TOURIST GUIDE SERVICES: • No limitations	TOURIST GUIDE SERVICES: • No limitations	TOURIST GUIDE SERVICES: • Limited access ⁴ • Discriminatory treatment ³
Mexico	LODGING SERVICES: • Limited access ⁴ • Discriminatory treatment ³	LODGING SERVICES: • No limitations	LODGING SERVICES: • Limited access ⁴	LODGING SERVICES: • Limited access ⁴ • Discriminatory treatment ³
	FOOD SERVICES: • Limited access ⁴ • Discriminatory treatment ³	FOOD SERVICES: • No limitations	FOOD SERVICES: • Limited access ⁴	FOOD SERVICES: • Limited access ⁴ • Discriminatory treatment ³

Table 9-1 (continued)

Highlights of commitments on travel and tourism services

Country	Cross-Border Supply	Consumption Abroad	Commercial Presence ¹	Presence of Natural Persons ²
Mexico (continued)	TRAVEL AGENCIES: • Limited access ⁴ • Discriminatory treatment ³	TRAVEL AGENCIES: • No limitations	TRAVEL AGENCIES: • Limited access ⁴	TRAVEL AGENCIES: • Limited access ⁴ • Discriminatory treatment ³
	TOURIST GUIDE SERVICES: • Limited access ⁴ • Discriminatory treatment ³	TOURIST GUIDE SERVICES: • No limitations	TOURIST GUIDE SERVICES: • Limited access ⁴	TOURIST GUIDE SERVICES: • Limited access ⁴ • Discriminatory treatment ³

¹ Cross-industry commitments regarding investment, real estate acquisition, etc., may impose additional restrictions on the establishment of commercial presence by foreign service providers.

² Cross-industry commitments regarding temporary entry and stay of natural persons typically provide for exceptions to restrictions placed on the provision of services through natural persons.

³ Discriminatory treatment indicates the presence of national treatment limitations.

⁴ Limited access indicates the presence of market access limitations.

⁵ The European Union's commitments in this table reflect restrictions in any member state. Therefore, if an individual member state schedules a limitation, the limitation is listed under the European Union.

Source: Compiled by the staff of the U.S. International Trade Commission.

The European Union lists no Community-wide restrictions pertaining to the cross-border supply of catering, travel agencies, and tourist guide services. In addition, there are no EU-wide restrictions on consumption abroad and commercial presence. However, the cross-border supply of lodging and food services is left unbound due to lack of feasibility.¹³ The European Union also leaves limitations on the presence of natural persons unbound, although cross-industry commitments regarding temporary entry and stay of natural persons provide exemptions to existing or potential restrictions. Each member state formulates its own regulations pertaining to temporary entry and stay, but these are not specified in the EU schedule. EU member states are relatively open with respect to the temporary entry and stay of foreign persons, but the absence of language specifying lengths of stay allows these

policies to become more restrictive without penalty.

Restrictions on foreign provision of travel and tourism services principally stem from member state regulations. Many EU member states list specific restrictions on food and lodging establishments. Greece, Italy, Portugal, and Spain may deny foreign firms authorization to construct or refurbish lodging and food service establishments to protect historic and artistic interests.¹⁴ In addition, authorization to establish eating facilities in Italy is subject to economic needs tests.¹⁵ France imposes a citizenship requirement on owners of cafes and bars.¹⁶

While the European Union scheduled no Community-wide limitations on travel agency services, Belgium, Italy, and Portugal have placed limitations on the ability of foreign travel agencies

¹³ Finland's restrictions on cross-border supply of lodging and food services (except catering) became unbound to conform with the EU schedule. Finnish official, interview by USITC staff, Geneva, July 24, 1995; and EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

¹⁴ EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

¹⁵ Needs tests were not defined in this instance. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

¹⁶ EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

to establish a commercial presence. Belgium requires that a non-EU travel agency have a permanent base in the country and that the person in charge be an EU national. Portugal, too, requires that foreign travel agencies establish facilities in the country, while Italy conditions the establishment of travel agencies on economic needs tests. Greece limits the number of foreign directors that a travel agency may have to two.¹⁷

Tourist guide services are subject to industry-specific limitations in France, Greece, Italy, Portugal, and Spain. Italy and Spain reserve the right to provide tour guide services for local companies. Individual tour guides must have citizenship to provide services in France, Greece, Italy, Portugal, and Spain. In addition, Belgium, Germany, Denmark, Finland, Italy, and Sweden require that managers of tours of 10 or more persons have a professional certificate and 3 years of professional experience.¹⁸

EU member states also list cross-industry limitations on foreign real estate ownership and participation in companies. Greece reserves the right to prohibit foreign firms from purchasing land near the national border. Foreign investment in real estate in three German States is subject to prior authorization, and Ireland requires government permission to purchase land for commercial use outside cities and towns. Denmark also has unspecified limitations pertaining to real estate ownership by foreigners.

Both Finland and Sweden require that at least 50 percent of the board of directors or all managing directors of limited companies be citizens or residents. In both countries, subsidiaries of non-EU companies must have a registered office, central administration or principal place of business in the European Union.¹⁹

Japan appears to impose few significant restrictions on foreign provision of travel and

tourism services. Consumption abroad is unrestricted and there are no industry-specific limitations to foreign provision of travel and tourism services through commercial presence. Industry-specific commitments regarding the presence of natural persons reserve the right to maintain or impose restrictions, subject to cross-industry provisions, allow corporate transferees and specialists to stay in Japan for 5 years, and other business visitors for 90 days.

Mexico lists the most stringent restrictions on travel and tourism services.²⁰ Foreign travel and tourism service firms must acquire licenses from federal and local authorities in order to establish a commercial presence, and foreign ownership of food service establishments is limited to 49 percent. In addition, cross-industry commitments prohibit direct foreign ownership of land that is 50 kilometers from the coastline or 100 kilometers from the national border. However, foreigners may own up to 100 percent of canteens, bars and taverns, and may account for up to 100 percent of registered capital in lodging, travel agency, and tourist guide enterprises.²¹ Mexico has left limitations on cross-border supply of travel agency services unbound. Limitations are also unbound with respect to the presence of natural persons, but Mexico's cross-industry commitments regarding temporary entry and stay allow corporate transferees and specialists to remain for at least 1 year, and other business visitors for 90 days.

¹⁷ Ibid.

¹⁸ This requirement was added to reflect the clarifications in the revised EU cross-industry commitments of July 1995.

¹⁹ EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

²⁰ However, under the NAFTA, U.S. firms have greater access to Mexico's market.

²¹ U.S. tour bus operators are allowed temporary entry to Mexico under certain circumstances in the NAFTA.

Industry Opinion

U.S. industry representatives report that, in practice, many of these limitations are inconvenient procedural formalities that increase the cost of doing business, but do not constitute substantial barriers to trade. They state that limitations listed in the schedules will not substantially affect their ability to conduct business in the subject markets.²² U.S. industry representatives also state that the provisions for travel and tourism under the North American Free-Trade Agreement (NAFTA) alleviate some of the restrictions scheduled by Canada and Mexico under the General Agreement on Trade in Services (GATS).²³

Summary

As noted, consumption abroad accounts for over 95 percent of U.S. travel and tourism exports.

²² Industry representatives, telephone interviews by USITC staff, Mar. 8, 1995.

²³ Industry representatives, interviews by USITC staff, Washington, DC, June 12, 1995.

With one minor exception, all of the trading partners examined in this report scheduled no limitations on consumption abroad.²⁴

The subject trading partners differ more with respect to the restrictions they impose on movement of natural persons, cross-border supply and commercial presence. With respect to these delivery channels, Japan's commitments appear the least restrictive. EU-wide commitments appear similarly unrestrictive, although individual EU member states have scheduled many trade limitations. Canadian and Mexican commitments appear to be the most restrictive among the subject trading partners. However, the burden on U.S. firms posed by Canadian and Mexican restrictions is reduced under provisions of the NAFTA.

Commitments scheduled by the subject trading partners serve as effective benchmarks for the most important mode of supplying travel and tourism services, consumption abroad. However, fewer benchmarks were established with respect to other modes of supply. Similarly, commitments pertaining to consumption abroad are relatively transparent, whereas commitments pertaining to other modes of supply lack transparency.

²⁴ Canada did not offer commitments on tourist guide services.

CHAPTER 10

Summary

Introduction

The preceding chapters examine the schedules of commitments submitted to the World Trade Organization (WTO) by the largest U.S. trading partners under the General Agreement on Trade in Services (GATS). These chapters explain the commitments made by the European Union (EU), Japan, Canada, and Mexico, and identify the benefits and limitations of the commitments with respect to U.S. service providers. The discussions conclude with statements as to the relative restrictiveness of the subject trading partners' markets and the extent to which relevant commitments provide benchmarks¹ and regulatory transparency.²

This chapter provides a summary of the report's contents and findings, beginning with an overview of the nature and intent of the GATS framework and national schedules. Afterward, this chapter offers perspective regarding the relative restrictiveness of the subject trading partners with respect to the services covered in the report. Findings pertaining to restrictiveness draw on observations regarding industry-specific commitments, cross-industry commitments, and most-favored-nation (MFN) exemptions. Last, the chapter offers assessments on the extent to which the national schedules broadly provide benchmarking and regulatory transparency across the subject industries. Each discussion highlights the benefits and limitations accorded U.S. service providers.

¹ Benchmarks identify trade-impeding measures and, under the terms of the GATS, prevent these measures from becoming more onerous in the future. Full and partial commitments thereby establish benchmarks. Where trade-impeding measures have been left unbound, benchmarks have not been established.

² Transparency exists when the nature and extent of all trade-impeding measures are explained in their entirety, with precision and clarity.

GATS Overview

As noted in chapter 1, the GATS basically comprises a framework, national schedules of commitments, annexes, and ministerial decisions. In the Uruguay Round, the Group Negotiating on Services (GNS) first developed a framework of general disciplines and obligations pertaining to trade in services, as signatories to the General Agreement on Tariffs and Trade (GATT) had done some 50 years ago with respect to trade in manufactures and agricultural commodities. Parties to the GATS designed the framework as a mechanism for challenging trade-impeding measures. Such measures generally include regulations that limit foreign firms' market access or that accord these firms treatment less favorable than that accorded domestic firms. Signatories to the GATS believe that removal of trade restrictions in an economic sector that generally accounts for more than 60 percent of gross domestic product and 50 percent of employment in the world's largest economies will promote global economic growth.³

The GATS framework is complemented by national schedules that catalogue measures that impede trade in services. Ideally, national schedules serve two immediate purposes. First, they provide benchmarks that identify trade impediments specific to service industries and modes of delivering services. In the context of the GATS, benchmarks also prevent countries from imposing further restrictions, or making existing restrictions more burdensome. Second, national schedules provide regulatory transparency, supplying information regarding the nature and extent of trade-impeding measures.

³ World Bank and United Nations Centre on Transnational Corporations, *The Uruguay Round: Services in the World Economy* (World Bank: Washington, DC, 1990), pp. 29-31; and Geza Feketekuty, *International Trade in Services: An Overview and Blueprint for Negotiations* (Cambridge, MA: Ballinger Publishing Company, 1988), pp. 191-195.

Relative Restrictiveness of Major Trading Partners' Service Markets

The ability of firms to provide services to foreign consumers is influenced by industry-specific commitments, cross-industry commitments, and MFN exemptions.⁴ The discussion below covers these in order. The assessment of industry-specific commitments employs simple quantitative methods to summarize the content of major trading partners' schedules.⁵ Discussions of cross-industry commitments and MFN exemptions are qualitative in nature.

Industry-Specific Commitments

As noted, impediments to trade in services are usually manifest in regulations that restrict or deny foreign service providers market access or national treatment. To approximate the share of trade activities that have been identified in the schedules as barrier-free, table 10-1 expresses the number of full commitments⁶ to market access and national

treatment as a share of all potential commitments applicable to each of the subject service industries. The higher the share, the less restrictive the market. These shares are provided both by country and by industry, and on a composite basis that provides an indicator of the overall restrictiveness of the subject trading partners' markets (bottom row) and the subject service industries (two right-hand columns).⁷ This discussion focuses on the composite shares.

With respect to Canada and the European Union, the shares have been calculated in two ways: once considering Canada-wide and EU-wide commitments solely when examining the Canadian and EU schedules, and once considering the Canada-wide and EU-wide commitments as qualified by commitments made by the Canadian Provinces and EU member states, respectively. Calculating shares in the manner first described provides an indicator of the market access and regulatory treatment accorded foreign firms in Canada and the European Union under a "best case scenario," when a U.S. firm wishes to export services to a Province or member state that has not attached additional restrictions to the Canadian or EU schedule.⁸ By contrast, calculating shares in the second manner provides an indicator of the market access and regulatory treatment accorded foreign firms in Canada and the European Union under a "worst case scenario," when a U.S. firm wishes to export services to a Province or member

⁴ As requested by the United States Trade Representative (USTR), this discussion focuses on the effects of the GATS on U.S. service providers. However, it is important to note that the North American Free-Trade Agreement (NAFTA) generally provides U.S. firms with much greater access to the Canadian and Mexican markets than do the GATS commitments. Privileges accorded U.S. firms under the NAFTA are highlighted in the industry discussions in chapters 3 through 9.

⁵ Quantitative work performed by USITC staff draws on work presented in Bernard Hoekman, *Tentative First Steps: An Assessment of the Uruguay Round Agreement on Services*, paper presented at The Uruguay Round and the Developing Economies Conference of the World Bank, Washington, DC, Jan. 26-27, 1995.

⁶ Full commitments indicate that no trade-impeding measures exist. Partial commitments are not included in this calculation as it is not feasible to compare one partial commitment to another; these commitments vary too much in terms of their restrictiveness.

⁷ Shares are calculated only with respect to this report's subject industries. For a list of these industries, refer to chapter 1.

⁸ Using this method also provides an indication of what future iterations of the EU schedule might look like as the commitments of the EU member states are harmonized. The EU Commission has reported that it hopes to harmonize the commitments of all member states, although it recognizes that harmonization will be a lengthy process and that certain differences among member states are likely to persist. EU Commission official, interview by USITC staff, Brussels, July 19, 1995.

Table 10-1
The share of schedule entries binding full market access and national treatment

Industry	(Percent)									
	Canada		EU		Japan	Mexico	Composite share by industry			
	Canada-wide ¹ Best case	Provinces ² Worst case	EU-wide ³ Best case	Member states ⁴ Worst case			Best case ⁵	Worst case ⁶		
Distribution services ⁷	72	47	69	34	75	31	62	47		
Education services ⁷	0	0	75	0	28	47	38	19		
Communication services										
* Enhanced telecommunication services ⁷	75	75	75	63	75	50	69	66		
* Courier services	75	63	0	0	0	38	28	25		
* Audiovisual services ⁷	0	0	0	0	40	23	16	16		
Health care services ⁷	0	0	50	13	5	25	20	11		
Professional services										
* Accounting services	63	50	75	25	38	50	56	41		
* Architecture, engineering, and construction services	70	55	59	28	56	22	52	40		
* Advertising services	0	0	75	75	75	63	53	53		
* Legal services	63	63	75	25	13	0	38	25		
Transportation services ⁷	43	40	27	5	15	8	23	17		
Travel and tourism services ⁷	56	38	63	59	63	44	56	51		
Composite share by trading partner	44	37	49	24	40	28	40	32		

Note: The industry-specific percentages above are derived by dividing the number of full commitments (i.e., those entries that indicate that there exist no limitations to market access or national treatment) scheduled by a trading partner for an industry, by the total number of entries applicable to that industry. For instance, the first cell indicates that 23 of the 32 nation-wide entries scheduled by Canada for distribution services were full commitments (23/32=0.7188). Although these percentages generally indicate the extent to which trade is unimpeded by formal regulatory barriers in the subject countries, they do not adequately convey all pertinent information. For instance, although the percentage computed for Canada is lower than that computed for Japan, NAFTA provisions and informal Japanese practices appear to render the Japanese distribution services market more restrictive than that of Canada from the perspective of U.S. firms. Therefore, these percentages should not be considered substitutes for the industry-by-industry assessments provided in chapters 3 through 9. See chapter 3 for a more comprehensive treatment of distribution services. For a more complete discussion of the methodology underlying this table, see the annex that immediately follows this chapter.

¹ Assesses Canada-wide commitments only.

² Assesses Canada-wide commitments, as complemented by commitments scheduled by individual Provinces.

³ Assesses EU-wide commitments only.

⁴ Assesses EU-wide commitments, as complemented by commitments scheduled by individual member states.

⁵ Composite share computed for best case scenario, when the EU and Canadian schedules are assessed on the basis of EU-wide and Canada-wide commitments only.

⁶ Composite share computed for worst case scenario, when the EU and Canadian schedules are assessed on the basis of commitments scheduled by the EU Commission, EU member states, the Government of Canada and Canadian Provinces.

⁷ Calculations for this industry exclude a subsector for miscellaneous services, for which commitments were not comparable across subject trading partners.

state⁹ that has attached additional restrictions to the Canadian or EU schedule. Consequently, two composite shares have been calculated for both the European Union and Canada, as well as for the subject industries overall, to correspond to these two scenarios. Further details pertaining to the construction of table 10-1 are provided in the annex that immediately follows this chapter.

As shown in the bottom row of table 10-1, full commitments account for less than half of the entries in the subject trading partners' schedules. Specifically, full commitments account for between 24 and 49 percent of the entries recorded in the schedules of the European Union, Japan, Canada, and Mexico. In other words, of 440 implicit or explicit entries¹⁰ made by each signatory to the GATS in the first round of the

⁹For the purpose of this analysis, full Canada-wide or EU-wide commitments, when complemented by a partial commitment or unbound measure scheduled by one or more Canadian Provinces or EU member states, are counted as partial commitments or unbound measures, respectively.

¹⁰The industries specified in the USTR request letter correspond to 62 distinct industries identified in the GATT Secretariat's *Services Sectoral Classification List*. When calculating shares, staff revised the number of industries to 55 by discarding 7 miscellaneous subsectors for which commitments scheduled by the subject trading partners were not comparable. These subsectors are found under distribution services, education services, enhanced telecommunication services, audiovisual services, health care services, transportation services, and travel and tourism services. For each of the 55 distinct service industries, trading partners could make 8 entries: 4 with respect to market access (1 for each mode of supply), and 4 with respect to national treatment. Explicit entries were scheduled when countries entered either full or partial commitments, or explicitly indicated that trade limitations are unbound for one or more of the modes of supply. Implicit entries occurred when countries omitted an industry or subsector from their schedule, indicating that both market access and national treatment limitations were unbound with respect to all four modes of supply. Further details pertaining to the construction of table 10-1 are provided in the annex that immediately follows this chapter.

WTO's service negotiations, the subject trading partners entered full commitments from 104 to 214 times. The restrictiveness of the trading partners' markets varies somewhat depending on how the Canadian and EU schedules are considered. Under the best case scenario, when EU-wide and Canada-wide commitments are considered in addition to those scheduled by Japan and Mexico, 40 percent of all entries recorded by the subject trading partners is accounted for by full commitments (table 10-1). The European Union appears least restrictive, with full commitments representing 49 percent of the entries in the EU schedule. By contrast, Canada's full commitments account for 44 percent of its total entries; Japan, 40 percent; and Mexico, 28 percent.

When trade limitations imposed by Canadian Provinces and EU member states are taken into account under the worst case scenario, full commitments account for 32 percent of all entries scheduled by the subject trading partners. The entries scheduled by the Canadian Provinces and EU member states perceptibly increase the restrictiveness of both these trading partners' markets with respect to half or more of the industries included in table 10-1. Restrictiveness increases most significantly in the European Union, whose member states replace full commitments with partial commitments or unbound limitations in many instances. When assessed in this manner, Japan appears least restrictive among the four subject trading partners and the European Union appears most restrictive, with full commitments representing only 24 percent of its entries.

With two exceptions, industry opinion supports the findings summarized in table 10-1. With respect to distribution services, national schedules suggest that Japan is the least restrictive of the subject trading partners. However, U.S. industry representatives indicate that Japan's distribution service market is among the most restrictive of the subject markets. U.S. industry representatives state that Japanese practices such as resale price maintenance and exclusionary dealing arrangements adversely impact U.S. retail and wholesale distributors (see chapter 3). In addition, while the national schedules suggest that

Mexico is more restrictive than Japan with respect to architectural, engineering, and construction (AEC) services, U.S. industry representatives indicate that the opposite is true. U.S. industry representatives indicate that formal and informal barriers have affected adversely their ability to conduct business in Japan, whereas the North American Free-Trade Agreement (NAFTA) accords U.S. firms generally favorable treatment in Mexico (see chapter 7).

On the basis of information presented in the schedules of the United States' major trading partners, export opportunities are greatest for U.S. firms that provide enhanced telecommunication services, advertising services, and travel and tourism services. These industries appear least restrictive, with full commitments accounting for more than 50 percent of scheduled entries (two right-hand columns). It is noteworthy that major trading partners have scheduled many full commitments regarding enhanced telecommunication services, the conduit for many future services, and travel and tourism services, the United States' largest earner of export revenues. Markets for distribution services, accounting services, and AEC services offer attractive export opportunities, too, depending on U.S. firms' intended geographic markets.

Cross-Industry Commitments

Cross-industry commitments also affect market access and national treatment. These commitments generally address investment, real estate transactions, subsidies, taxation, and the temporary entry and stay of natural persons.¹¹ In the aggregate, they most influence the provision of services through commercial presences and natural persons.

¹¹ Although signatory countries were not obligated to schedule cross-industry commitments and no guidelines were established for scheduling such commitments, many countries provided cross-industry commitments to avoid excessive repetition in the industry-specific section of the national schedules. For a presentation of cross-industry commitments, see appendix H.

With respect to cross-industry commitments, two points appear most significant. First, Japan has not scheduled commitments regarding investment, real estate transactions, and taxation. In the absence of such commitments, trade-impeding measures falling under these categories remain unbound, which could adversely affect U.S. service industries that provide services through a foreign commercial presence. Thus, although Japan has scheduled industry-specific commitments that appear to be among the least restrictive of all those recorded by the United States' major trading partners, the positive effects of such commitments could be offset by investment and related measures that may have a trade-impeding influence. The difficulty of establishing a commercial presence in Japan has been noted in previous chapters, and may be a factor underlying the recent surpluses that Japan has recorded in affiliate transactions with the United States (see chapter 2).

The second point of interest concerns commitments regarding the temporary entry and stay of natural persons, which affect transactions through both commercial presence and natural persons. With respect to the temporary entry and stay of natural persons, Japan seems least restrictive. It permits intra-corporate transferees and professionals to remain in Japan for 5 years, and other business persons for 90 days (table 10-2). At the opposite end of the spectrum is the European Union, the largest U.S. trading partner with respect to services. With one exception, the European Union does not specify permissible lengths of stay for foreign service providers in its schedule. Thus, although the EU member states reportedly are relatively open with respect to foreign entry and stay, relevant measures are not bound in the absence of commitments, and could therefore become more restrictive in the future.

MFN Exemptions

MFN exemptions principally affect two of the service industries covered in this report: audiovisual services and land-based transportation services. The effect of MFN exemptions on U.S.

Table 10-2

Cross-industry commitments on lengths of stay permitted foreign service providers

Subject country	Intra-corporate transferees ¹	Professionals ²	Business persons ³
Canada	3 years	90 days ⁴	90 days
European Union	Varies by member state	90 days ⁵	Varies by member state
Japan	5 years	5 years ⁶	90 days
Mexico	1 year	Not addressed ⁷	90 days

¹ Typically defined to be executives, managers, and specialists (individuals with technical expertise).

² Typically defined as providers of professional services (e.g., lawyers, accountants, engineers, etc.).

³ Typically defined to be persons negotiating sales contracts and establishment of commercial presences.

⁴ Applies to lawyers, architects, and engineers only.

⁵ Added to the EU Schedule in July 1995 as a result of negotiations undertaken in the Negotiating Group on the Movement of Natural Persons.

⁶ Applies to lawyers and accountants only.

⁷ Because Mexico does not address professionals in cross-industry commitments on temporary entry and stay, restrictions on foreign professionals' entry to Mexico are unbound.

Source: Compiled by the staff of the U.S. international Trade Commission.

service providers in these two industries varies significantly.

With respect to audiovisual services, both the European Union and Canada have listed MFN exemptions that may affect U.S. providers of audiovisual services in an adverse manner. The European Union and Canada account for 64 percent and 7 percent of U.S. exports of audiovisual services, respectively. MFN exemptions listed by the two allow them to discriminate among suppliers with origins outside the home market. As noted in chapter 5, the European Union's MFN exemptions pertaining to audiovisual services are the most sweeping exemptions listed by any of the subject trading partners. The European Union has maintained the right to apply redressive duties and certain unidentified measures to audiovisual works produced outside the European Union to offset "actions affecting EU audiovisual services, products or service providers" or practices which may cause "serious disruption" to the market for European works. The wording of the exemptions leaves the impression that EU regulators may exercise considerable discretion in determining

when audiovisual service markets are disrupted, and in devising corrective actions and policies.

Although the European Union and Canada indicate that these MFN exemptions will be applicable for an indefinite period, some have conjectured that the ability of these trading partners to enforce the exemptions is somewhat dubious at present and likely will decline further over time. They note that the Annex on Negotiations on Basic Telecommunications, in conjunction with many full and partial commitments pertaining to enhanced telecommunication services, permits firms outside the European Union and Canada to provide certain audiovisual services over telecommunication networks and ubiquitous information networks such as the Internet. The ability and willingness of any government to monitor services provided over such networks is questionable. Thus, adverse effects on U.S. audiovisual service suppliers may be short-lived owing to technological advances,

global networking, and the deregulation of information networks.¹²

With respect to land-based transportation services, both the European Union and Mexico have listed MFN exemptions. Exemptions pertaining to transportation services do not appear to be as restrictive as those pertaining to audiovisual services. This is because U.S. service providers still benefit from commitments to market access and national treatment in the European Union,¹³ and actually receive preferences in Mexico in compliance with provisions of the NAFTA regarding cross-border passenger transport services.

Benchmarking

To summarize the extent of benchmarking, table 10-3 expresses the sum of each major trading partners' full and partial commitments to market access and national treatment as a share of all potential entries applicable to each of the subject service industries. Full and partial commitments identify trade-impeding measures and, under the terms of the GATS, proscribe the implementation of further restrictions. Consequently, both full and

¹²U.S. Government official, interview by USITC staff, Washington, DC, Aug. 14, 1995; and EU Commission official, interview by USITC staff, Brussels, July 19, 1995. It does not appear that ongoing negotiations pertaining to basic telecommunication services will affect the foreign provision of audiovisual services in a significant manner. These negotiations focus almost solely on competitive safeguards, regulatory transparency, and interconnection.

¹³In the case of transportation services, the European Union's MFN exemption provides preferences to selected countries over and above scheduled commitments to market access and national treatment, which are accorded to all countries. By contrast, in the case of audiovisual services, the European Union did not schedule any commitments to market access and national treatment. Consequently, further trade restrictions may be imposed and EU regulators effectively retain wider discretion regarding the treatment accorded to firms from all countries.

partial commitments establish benchmarks. Upon examining the industry-specific commitments scheduled by the European Union, Japan, Canada, and Mexico, it appears that the subject trading partners have established benchmarks with between 42 percent and 70 percent of their scheduled entries (bottom row).

As with the earlier discussion of restrictiveness, benchmarking shares have been calculated in two ways for Canada and the European Union to take into account the effects of restrictions scheduled by Provinces and member states. Likewise, composite shares have been calculated for each subject trading partner (bottom row), and each service industry (two right-hand columns).¹⁴ Leaving aside commitments scheduled by Canadian Provinces and EU member states, it appears that the European Union has established the most benchmarks, found in 70 percent of its entries. In other words, the European Union scheduled Community-wide full or partial commitments in 308 of 440 schedule entries. This compares favorably to Canada's 65 percent, Japan's 60 percent, and Mexico's 52 percent. In this best case scenario, the subject trading partners, considered jointly, have established benchmarks 62 percent of the time (bottom row, second column from the right).

When one considers the restrictions scheduled by the EU member states and the Canadian Provinces, i.e., the worst case scenario, the relative standing of the subject trading partners changes. The number of benchmarks recorded by the European Union decreases markedly, leaving it with the lowest share among the subject trading partners, 42 percent. The European Union's share drops as EU member states have scheduled unbound measures regarding multiple service industries despite full commitments scheduled by the European Union, the result being that no benchmarks have been established. Canada's share, on the other hand, remains the same.

¹⁴Further details pertaining to the construction of table 10-3 are provided in the annex that immediately follows this chapter.

**Table 10-3
Benchmarking: The share of schedule entries covered by partial and full commitments**

Industry	(Percent)									
	Canada		EU		Japan	Mexico	Composite share by industry			
	Canada-wide ¹ Best case	Provinces ² Worst case	EU-wide ³ Best case	Member states ⁴ Worst case			Best case ⁵	Worst case ⁶		
Distribution services ⁷	100	94	100	75	100	50	88	80		
Education services ⁷	0	0	100	0	50	75	56	31		
Communication services										
* Enhanced telecommunication services ⁷	100	100	100	100	100	100	100	100		
* Courier services	100	100	0	0	0	75	44	44		
* Audiovisual services ⁷	0	0	0	0	55	40	24	24		
Health care services ⁷	0	0	75	25	10	50	34	21		
Professional services										
* Accounting services	100	100	100	75	100	100	100	94		
* Architecture, engineering, and construction services	100	100	88	56	84	50	80	73		
* Advertising services	0	0	100	100	100	100	75	75		
* Legal services	100	100	100	63	100	0	75	66		
Transportation services ⁷	77	77	43	7	25	14	40	31		
Travel and tourism services ⁷	75	75	94	94	88	81	84	84		
Composite share by trading partner	65	65	70	42	60	52	62	54		

Note: The percentages above are derived by dividing the number of full and partial commitments (i.e., those entries that prohibit market limitations from becoming more restrictive) scheduled by a trading partner for an industry, by the total number of entries applicable to that industry. For instance, the first cell indicates that all 32 entries scheduled by Canada for distribution services were full or partial commitments; there were no unbound limitations on market access or national treatment. Although these proxies generally indicate the extent of benchmarking found in the schedules of subject countries, they do not adequately convey all pertinent information. Therefore, these proxies should not be considered substitutes for the industry-by-industry assessments provided in chapters 3 through 9. See chapters 3 through 9 for more comprehensive treatment of the subject industries. For a more complete discussion of the methodology underlying this table, see the annex that immediately follows this chapter.

¹ Assesses Canada-wide commitments only.

² Assesses Canada-wide commitments, as complemented by commitments scheduled by individual Provinces.

³ Assesses EU-wide commitments only.

⁴ Assesses EU-wide commitments, as complemented by commitments scheduled by individual member states.

⁵ Composite share computed for best case scenario, when the EU and Canadian schedules are assessed on the basis of EU-wide and Canada-wide commitments only.

⁶ Composite share computed for worst case scenario, when the EU and Canadian schedules are assessed on the basis of commitments scheduled by the EU Commission, EU member states, the Government of Canada and Canadian Provinces.

⁷ Calculations for this industry exclude a subsector for miscellaneous services, for which commitments were not comparable across subject trading partners.

Canadian Provinces usually have qualified Canada-wide full commitments with partial commitments, which still act as benchmarks. In the worst case scenario, the subject trading partners, considered jointly, have established benchmarks 54 percent of the time (bottom row, last column).

With respect to Canada and Mexico, benchmarks established under the NAFTA far outnumber those established under the GATS. This is in part a consequence of the scheduling methodology employed in the NAFTA. NAFTA partners used a "negative listing" methodology, meaning that only those industries specifically addressed in the agreement are subject to trade-impeding measures, the nature and extent of which are explained in detail. Industries that are not addressed during the listing exercise are assumed to be barrier-free. The end result is that the NAFTA establishes benchmarks 100 percent of the time.

Thus, the effect of the GATS benchmarks for U.S. firms interested in exporting services to Canada and Mexico is minimal. With respect to the European Union and Japan, the GATS benchmarks generally confer benefits on U.S. service providers. Exceptions to this arise with respect to courier services, health care services, and land-based transportation services. In the European Union only, additional exceptions are found in education services and audiovisual services. The European Union (in the worst case scenario) and Japan established benchmarks in these industries less than 50 percent of the time. In the absence of benchmarks, there is uncertainty with respect to which services U.S. firms may provide, and what restrictions they may encounter upon entering these markets. The potential also exists for trade restrictions to increase in the future.

Regulatory Transparency

A review of the schedules submitted by all GATS signatories suggests that the schedules submitted by the European Union, Japan, Canada, and Mexico surpass those submitted by most other countries in terms of transparency. U.S. service

providers, particularly small and medium-size firms with limited experience in foreign markets, likely will benefit from the transparency provided through the scheduling exercise.¹⁵

Nevertheless, regulatory transparency is lacking in many respects. In part, this is due to the "positive listing" methodology employed in the GATS. As noted, this scheduling methodology entails listing only those industries in which foreign service providers are explicitly accorded market access or national treatment with respect to at least one mode of supply. Countries therefore do not address industries in which foreign firms could be prohibited from providing services through all modes of supply. As a result, the schedules offer U.S. firms no information regarding industries in which trade impediments could be most burdensome.

Beyond the difficulties introduced by positive listing, there are other important factors that limit transparency. Inclusion of *de facto* and *de jure* restrictions, for instance, may yield false impressions.¹⁶ It has been reported that some commitments are based on obsolete laws or on regulations that are not enforced, creating the appearance of a more restrictive environment than that which actually exists.¹⁷ The language found in the schedules of the subject trading partners sometimes inhibits transparency, too. Language in the schedules provides for regulatory change in areas such as basic telecommunications (e.g., basic voice and data transmission), which may promote, prohibit, or otherwise affect the delivery of services by foreign firms. Schedules also may reflect internal disagreement within the subject trading partners, resulting in language that

¹⁵ Transparency also will be enhanced by the establishment of "enquiry points" in each WTO member country, as provided by article III of the GATS. One or more enquiry points will be available to provide information on regulatory matters to foreign service suppliers.

¹⁶ *De facto* restrictions are those imposed in practice, whereas *de jure* restrictions are those recorded in national regulations, but not necessarily applied in practice.

¹⁷ EU Commission officials, interviews by USITC staff, Brussels, July 18-19, 1995.

sacrifices clarity in order to convey the perspectives and interests of two or more parties.

Conclusion

The national schedules examined herein do not in every case provide firm benchmarks, and they do not provide complete regulatory transparency. Nonetheless, the GATS appears to establish benchmarks where few or none have been established before, and appears to clarify regulatory restrictions in a broad range of service

industries. The schedules examined in this report provide an unprecedented level of detail regarding the impediments that U.S. service providers encounter in their largest export markets. In all, the service negotiations conducted during the Uruguay Round appear to have constructed a moderately good foundation for future efforts to liberalize international trade in services, and U.S. firms are likely to be among the largest beneficiaries of such liberalization.

CHAPTER 10 ANNEX

Methodology

In chapter 10, tables 10-1 and 10-3 summarize restrictiveness and benchmarking, respectively, in a quantitative manner. The following discussion first identifies the principal difficulties encountered in quantifying these aspects of the national schedules and indicates how these difficulties were resolved. Thereafter, the discussion further delineates the methodology employed to derive the quantitative indicators found in these tables, and provides examples of how the indicators were calculated.

Treatment of Miscellaneous Service Groupings

The service industries of interest to the United States Trade Representative correspond to 62 industries specified in the GATT Secretariat's *Services Sectoral Classification List* (see annex table 1). Staff reduced the number of industries to 55 by discarding 7 miscellaneous groupings for which commitments scheduled by the subject trading partners were not comparable. The seven discarded groupings appear under distribution services, education services, enhanced telecommunication services, audiovisual services, health care services, transportation services, and travel and tourism services.¹

Hence, the summary tables display shares calculated on the basis of 55 industries, or 440 possible schedule entries.² This does not alter the relative standing of the subject trading partners in tables 10-1 and 10-3, but it does result in slightly higher shares in both tables.

¹ The miscellaneous groupings were included in the GATT Secretariat's list so that offers could be broadened at the discretion of GATT members.

² For each of the 55 distinct service industries, trading partners could make 8 entries: 4 with respect to market access (one for each mode of supply), and 4 with respect to national treatment.

Treatment of Entries Referencing Cross-Industry Commitments

Throughout the national schedules, many industry-specific commitments, especially those addressing commercial presence and the presence of natural persons, reference cross-industry commitments.³ For instance, when identifying limitations that apply to the presence of natural persons, trading partners routinely make the following entry: "unbound, except as indicated in the cross-industry commitments." Because this entry grants some degree of market access and national treatment by allowing certain foreign service providers to enter markets under conditions specified in the cross-industry commitments, these entries have been recorded as partial commitments. They are less restrictive than "unbound" entries that provide no exemptions.

Similarly, all subject trading partners have made use of an entry that reads "none, except as indicated in the cross-industry commitments." These entries have been recorded as full commitments. Certain trading partners employed this language for the sake of transparency, but the additional language is not necessary. Under the GATS, cross-industry commitments are applicable to all entries showing full or partial commitments.

Treatment of Canada and the European Union

The EU and Canadian schedules list EU-wide and Canada-wide commitments, and commitments scheduled by individual EU member states and Canadian Provinces. Commitments added by EU member states and Canadian Provinces typically are more restrictive than EU-wide and Canada-wide commitments. Consequently, shares have been calculated to summarize restrictiveness and benchmarking in two different manners: once

³ Cross-industry commitments are referred to as "horizontal" commitments in the schedules.

Table 10-A-1
 GATT services sectoral classification list

Number	Subject Industry	Subsector
1. 2. 3. 4. 5.	Distribution services	Commission agents' services Wholesale trade Retailing Franchising Other ¹
6. 7. 8. 9. 10.	Education services	Primary education services Secondary education services Higher education services Adult education Other ¹
11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25.	Communication services: Land-based courier services Enhanced telecommunication services Audiovisual services	(none) Electronic mail Voice mail On-line information and data base retrieval Electronic data interchange Enhanced/value-added facsimile services Code and protocol conversion On-line information and/or data processing Other ¹ Motion picture, video tape production and distribution Motion picture projection services Radio and television services Radio and television transmission services Sound recording Other ¹
26. 27. 28. 29. 30. 31.	Health care services	Medical and dental services Veterinary services Services provided by midwives, nurses, et. al. Hospital and other health care facilities Other human health services Other ¹

Table 10-A-1 *continued*
 GATT services sectoral classification list

Number	Subject Industry	Subsector
	Professional services:	
32.	Legal services	(none)
33.	Accounting services	(none)
34.	Advertising services	(none)
35.	Architecture, engineering, and construction	Architectural services
36.		Engineering services
37.		Integrated engineering services
38.		General construction work for buildings
39.		General construction work for civil engineering
40.		Installation and assembly work
41.		Building completion and finishing work
42.		Other
	Transportation services:	
	Rail transport	
43.		Passenger transport
44.		Freight transport
45.		Pushing and towing services
46.		Maintenance/repair of rail transport equipment
47.		Supporting services for rail transport services
	Road transport	
48.		Passenger transport
49.		Freight transport
50.		Rental of commercial vehicle with operator
51.		Maintenance/repair of road transport equipment
52.		Supporting services for road transport services
	Services auxiliary to all modes of transport	
53.		Cargo-handling services
54.		Storage and warehouse services
55.		Freight transport agency services
56.		Other
57.	Other transport services ¹	(none)

Table 10-A-1 *continued*
 GATT services sectoral classification list

Number	Subject Industry	Subsector
58.	Travel and tourism services	Hotels and restaurants (excl. catering)
59.		Catering
60.		Travel agencies and tour operators
61.		Tour guide services
62.		Other ¹

¹Entries for these subsectors were discarded from the calculations.

Source: General Agreement on Tariffs and Trade, *Services Sectoral Classification List* (MFN.GNS/W/120).

taking into consideration EU-wide and Canada-wide commitments only, and once taking into consideration individual member states' and Provinces' commitments. As a result, tables 10-1 and 10-3 provide:

- two separate shares to summarize the restrictiveness and extent of benchmarking found in the European Union and Canada with respect to each industry;
- two separate composite shares that summarize the restrictiveness and extent of benchmarking found in the European Union and Canada with respect to all subject industries (bottom row); and
- two separate composite shares to summarize the restrictiveness and extent of benchmarking found in all subject trading partners with respect to each subject service industry (two right-hand columns).

These correspond to "best case" and "worst case" scenarios. The best case scenario, which reflects EU-wide and Canada-wide commitments only, provides an indicator of the restrictiveness and the extent of benchmarking found in EU member states or Canadian Provinces that have not listed additional restrictions in the EU or Canadian schedule. The worst case scenario, which takes into consideration the commitments scheduled by member states and Provinces, provides in table 10-1 an indicator of the restrictiveness of the most restrictive member state or Province, and in table

10-3 the extent of benchmarking undertaken by the most restrictive member state or Province.

The worst case scenario may be based on the commitments of a single member state or Province. For example, the EU schedule identifies a full commitment to market access for telecommunication service providers that wish to establish a commercial presence in the European Union. However, Portugal has added a partial commitment regarding market access that limits foreign ownership to 25 percent. Under the best case scenario, the European Union records a full commitment. Under the worst case scenario, the European Union records a partial commitment due to Portugal's additional restriction.

Table 10-1

Table 10-1 expresses the number of full commitments as a share of the total entries made by each trading partner. Composite shares reflect overall restrictiveness by trading partner (bottom row) and by industry (two right-hand columns). The higher the share, the less restrictive the market. Partial commitments are not reflected in the shares appearing in table 10-1 because they vary too much in terms of restrictiveness. Full commitments are reflected because they identify barrier-free industries and modes of delivery.

For example, the first cell of table 10-1 reflects Canada-wide full commitments regarding distribution services. For the purposes of this discussion, the distribution services industry consists of four subsectors: commission agents'

consists of four subsectors: commission agents' services, wholesaling, retailing, and franchising.⁴ Canada-wide full commitments number six with respect to commission agents' services, six for wholesaling, five for retailing, and six for franchising, for a combined total of 23 full commitments. Since there are 4 subsectors comprising distribution services, and 8 possible entries within each subsector,⁵ there are 32 entries applicable to distribution services. Hence, full commitments account for 72 percent of all Canada-wide entries applicable to distribution services.

Canada's worst case scenario takes into consideration the restrictions added to the national schedule by the Canadian Provinces, resulting in a lower share of full commitments. The Provinces list many restrictions applicable to wholesaling, retailing, and franchising, thereby reducing the number of full commitments from 23 to 15. As a result, full commitments account for 47 percent of entries applicable to distribution services under Canada's worst case scenario.

Composite shares for trading partners were derived in a similar manner. Under Canada's best case scenario, full commitments in all of the subject industries totaled 192. Dividing the number of full commitments by Canada's 440 total possible entries results in a composite share of 44 percent. Under Canada's worst case scenario, the number of full commitments falls to 163, resulting in a composite share of 37 percent.

Composite shares for the subject industries reflect a similar methodology. For example, the European Union, Japan, Canada, and Mexico made 128 entries with respect to distribution services. Reflecting the best case scenarios for the European Union and Canada, full commitments scheduled by the subject trading partners number

79, accounting for 62 percent of total entries. Reflecting the worst case scenarios for the European Union and Canada, full commitments number 60, or 47 percent of total entries.

Table 10-3

Table 10-3 expresses the number of full and partial commitments as a share of the total entries made by each trading partner for each industry. Composite shares reflect the overall extent of benchmarking by trading partner (bottom row) and by industry (two right-hand columns). The higher the share, the greater the extent of benchmarking. Both full and partial commitments identify trade-impeding measures and prohibit trading partners from making these measures more restrictive. Hence, both act as benchmarks.

For example, the first cell of table 10-3 reflects Canada-wide full commitments regarding distribution services. As in the previous discussion, the distribution services industry consists of four subsectors: commission agents' services, wholesaling, retailing, and franchising.⁶ Canada's country-wide full and partial commitments number 8 with respect to each of these subsectors, for a combined total of 32. Since there are 32 entries applicable to distribution services, full and partial commitments account for 100 percent of all Canada-wide entries applicable to distribution services.

Canada's worst case scenario takes into consideration the restrictions added to the national schedule by the Canadian Provinces. In several instances, full commitments are replaced by partial commitments (resulting in no change in benchmarking), but in one case a full commitment is replaced by an unbound restriction. Consequently, the share of entries occupied by full and partial commitments falls to 94 percent.

Composite shares for trading partners were derived similarly. Under Canada's best case

⁴ The subsector entitled "other distribution services" was omitted from the calculations. This has the effect of reducing the total possible entries under the major heading of distribution services by eight.

⁵ Schedule entries correspond to modes of supply. Four entries are made with respect to market access, and four more are made with respect to national treatment.

⁶ The subsector entitled "other distribution services" was omitted from the calculations. This has the effect of reducing the total possible entries under the major heading of distribution services by eight.

scenario, full and partial commitments to all the subject industries totaled 286. Dividing this number by Canada's 440 total possible entries results in a composite share of 65 percent. Under Canada's worst case scenario, the number of full and partial commitments falls to 284, yielding a composite share of 65 percent after rounding.

Composite shares for the subject industries reflect a similar methodology. The European Union, Japan, Canada, and Mexico made 128

entries with respect to distribution services. Reflecting the best case scenarios for the European Union and Canada, full and partial commitments scheduled by the subject trading partners number 112, accounting for 88 percent of total entries. Reflecting the worst case scenarios for the European Union and Canada, full and partial commitments number 102, or 80 percent of total entries.

APPENDIX A

REQUEST LETTER

Industries
504B

DOCKET NUMBER	THE UNITED STATES TRADE REPRESENTATIVE Executive Office of the President Washington, D.C. 20506
1845	
Office of the Secretary Int'l Trade Commission	

DEC 28 1994

RECEIVED
 U.S. INT'L TRADE COMMISSION
 195-30011-4 P.1

The Honorable Peter S. Watson
 Chairman
 U.S. International Trade Commission
 500 E Street, S.W.
 Washington, D.C. 20436

Dear Mr. Chairman:

The General Agreement on Trade in Services (GATS) is one of the major accomplishments of the Uruguay Round, providing a framework that disciplines government regulation of trade and investment in service sectors. The GATS provides for the establishment of national schedules of commitments, wherein signatory countries have set forth their respective national commitments pertaining to individual service sectors. These schedules bind countries to provide market access and national treatment, and to observe most-favored nation (MFN) obligations.

The national schedules are the result of complex negotiations on highly technical issues. They provide a view of the current state of each countries' services regime and, as such, are useful benchmarks for further liberalization of international trade in services. However, in their present form, the schedules are not easily interpreted by service providers and, therefore, the exact nature of the commitments and the opportunities they afford can be obscured. A clarification of the schedules and an evaluation of the opportunities afforded by the GATS would be of great value to U.S. service providers. Thus, I request, pursuant to authority delegated by the President under section 332(g) of the Tariff Act of 1930 and the authority delegated by Executive Order 12661, that the U.S. International Trade Commission conduct an investigation that (1) examines the content of foreign schedules of commitments, explaining the commitments in non-technical language; and (2) identifies the potential benefits (e.g., improved market access, national treatment, MFN treatment, greater regulatory transparency, etc.) and limitations of foreign commitments agreed upon in April 1994.

The Honorable Peter S. Watson

Page 2

The Commission's examination of foreign schedules should focus on sector-specific commitments pertaining to the following service sectors of the European Union (including Sweden, Finland and Austria, which are poised to join the E.U. in 1995), Japan, Canada and Mexico:

- o distribution services (defined as wholesaling, retailing, and franchising services);
- o education services;
- o communications services (e.g., enhanced telecommunication services, courier services, audiovisual services)
- o health care services;
- o professional services (e.g., accounting, engineering, construction, architectural, and advertising services and lawyers);
- o transportation services (defined as rail and trucking services); and
- o travel and tourism.

In addition, it is requested that the Commission examine horizontal commitments regarding the temporary entry and stay of natural persons.

It is my intention to make further requests of the Commission to study additional countries and sectors once this initial report is completed.

I recognize that Commission staff may encounter significant obstacles in gathering the information necessary for this extensive task. This request covers some sectors not previously monitored by the Commission. Reliable information regarding certain of these service sectors and markets is exceedingly difficult to collect. Should such obstacles prove insurmountable during the time allotted for the study, the Commission should provide all information it is able to develop and indicate the nature of the obstacles encountered.

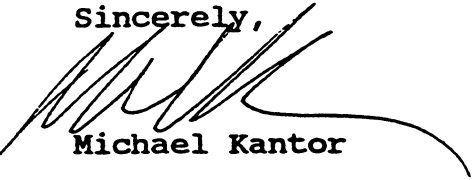
In accordance with USTR policy, I direct you to mark as "confidential" such portions of the Commission's report and its working papers as my office will identify in a classification guide. Information Security Oversight Office Directive No. 1, section 2001.21 (implementing Executive Order 12356, sections 2.1 and 2.2) requires that classification guides identify or categorize the elements of information which require protection. Accordingly, I request that you provide my office with an outline of the report as soon as possible. Based on this outline and my

The Honorable Peter S. Watson
Page 3

office's knowledge of the information to be covered in the report, a USTR official with original classification authority will provide detailed instructions.

The Commission is requested to deliver the study by December 15, 1995. To enhance the readability of the report for the general public, the report should be concise, summarizing and emphasizing only principal findings.

Sincerely,



Michael Kantor

APPENDIX B

**LETTER TO REQUEST STUDY
AS A PUBLIC DOCUMENT**

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

March 17, 1995

Mr. Daniel Leahy
Deputy Director
Office of Executive and International Liaison
U.S. International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Mr. Leahy:

After review of the outline that the Commission has provided for Investigation No. 332-358, *General Agreement on Trade in Services: Examination of Major Trading Partners' Schedules of Commitments*, we have determined that it is not necessary to classify any portions of the report as confidential. It is the intent of this office to make the Commission's report available to the general public in its entirety. Therefore, the report should not contain any confidential business information.

Sincerely,



Donald S. Abelson
Assistant USTR for Services
Investment and Intellectual Property

APPENDIX C

FEDERAL REGISTER NOTICE

**INTERNATIONAL TRADE
COMMISSION**

[Investigation 332-358]

**General Agreement on Trade in
Services: Examination of Major
Trading Partners' Schedules of
Commitments**

AGENCY: International Trade
Commission.

ACTION: Institution of investigation and
scheduling of public hearing.

EFFECTIVE DATE: January 26, 1995.

SUMMARY: Following receipt on January
4, 1995, of a request from the Office of
the United States Trade Representative
(USTR), the Commission instituted
investigation No. 332-358, *General
Agreement on Trade in Services:
Examination of Major Trading Partners'
Schedules of Commitments*.

FOR FURTHER INFORMATION CONTACT:
Information on service industries may
be obtained from Mr. Richard Brown,
Office of Industries (202-205-3438) and
Ms. Julie Throne, Office of Industries
(202-205-3390); economic aspects, from
Mr. Joseph Flynn, Office of Economics
(202-205-3251); and legal aspects, from
Mr. William Gearhart, Office of the
General Counsel (202-205-3091). The
media should contact Ms. Margaret
O'Laughlin, Office of Public Affairs
(202-205-1819). Hearing impaired
individuals are advised that information
on this matter can be obtained by
contacting the TDD terminal on (202-
205-1810).

BACKGROUND: The USTR in his letter
dated December 28, 1994, requested that
the Commission, pursuant to section
332(g) of the Tariff Act of 1930, conduct
an investigation to (1) examine the
content of foreign schedules of
commitments under the General
Agreement on Trade in Services,
explaining the commitments in non-
technical language; and (2) identify the
potential benefits (e.g., improved market
access, national treatment, MFN
treatment, greater regulatory

transparency, etc.) and limitations of
foreign commitments agreed upon in
April 1994.

The Commission will seek to provide
such information in its report. As
requested by the USTR, the
Commission, in its examination of
foreign schedules, will focus on sector-
specific commitments pertaining to the
following service sectors of the
European Union, Japan, Canada, and
Mexico:

- Distribution services (defined as
wholesaling, retailing, and franchising
services);
- Education services;
- Communications services (e.g.,
enhanced telecommunication services,
courier services, and audiovisual
services);
- Health care services;
- Professional services (e.g.
accounting, engineering, construction,
architectural, and advertising services,
and lawyers);
- Transportation services (defined as
rail and trucking services); and
- Travel and tourism.

In addition, as requested by the
USTR, the Commission will examine
horizontal commitments regarding the
temporary entry and stay of certain
foreign workers.

As requested by the USTR, the
Commission plans to deliver its report
to the USTR by December 15, 1995.

PUBLIC HEARING: A public hearing in
connection with the investigation will
be held at the U.S. International Trade
Commission Building, 500 E Street SW,
Washington, DC, beginning at 9:30 a.m.
on June 7, 1995. All persons shall have
the right to appear, by counsel or in
person, to present information and to be
heard. Requests to appear at the public
hearing should be filed with the
Secretary, United States International
Trade Commission, 500 E Street SW,
Washington, DC 20436, no later than
5:15 p.m., May 24, 1995. Any
prehearing briefs (original and 14
copies) should be filed no later than
5:15 p.m., May 24, 1995. The deadline
for filing posthearing briefs or
statements is 5:15 p.m., June 21, 1995.

In the event that, as of the close of
business on May 24, 1995, no witnesses
are scheduled to appear at the hearing,
the hearing will be cancelled. Any
person interested in attending the
hearing as an observer or non-
participant may call the Secretary to the
Commission (202-205-2000) after May
24, 1995 to determine whether the
hearing will be held.

WRITTEN SUBMISSIONS: In lieu of or in
addition to participating in the hearing,
interested parties are invited to submit

written statements concerning the
matters to be addressed by the
Commission in its report on this
investigation. Commercial or financial
information that a submitter desires the
Commission to treat as confidential
must be submitted on separate sheets of
paper, each clearly marked
"Confidential Business Information" at
the top. All submissions requesting
confidential treatment must conform
with the requirements of section § 201.6
of the Commission's *Rules of Practice
and Procedure* (19 CFR 201.6). All
written submissions, except for
confidential business information, will
be made available in the Office of the
Secretary of the Commission for
inspection by interested parties. To be
assured of consideration by the
Commission, written statements relating
to the Commission's report should be
submitted to the Commission at the
earliest practical date and should be
received no later than the close of
business on June 21, 1995. All
submissions should be addressed to the
Secretary, United States International
Trade Commission, 500 E Street SW,
Washington, DC 20436.

Persons with mobility impairments
who will need special assistance in
gaining access to the Commission
should contact the Office of the
Secretary at (202-205-2000).

By order of the Commission.

Issued: January 27, 1995

Donna R. Koehnke,

Secretary.

[FR Doc. 95-2684 Filed 2-2-95; 8:45 am]

BILLING CODE 7020-02-P

APPENDIX D

GLOSSARY OF TERMS

APPENDIX D

GLOSSARY OF TERMS

Benchmarks: Benchmarks are commitments that identify trade-impeding measures and under the terms of the GATS, prevent these measures from becoming more onerous in the future.

Bound commitment: A commitment that cannot be made more restrictive in the future; only further liberalization is permitted (unless an agreed penalty is paid). See measure.

Commercial presence: One of four possible modes of delivering services to foreign consumers, whereby a service supplier establishes any type of business or professional establishment in the foreign market. Commercial presence comprises entities such as corporations, trusts, joint ventures, partnerships, sole proprietorships, associations, representative offices, and branches. See modes of supply.

Commitment: An agreement regarding a measure, usually regarding market access and national treatment, that affects international trade in services. Commitments are listed in national schedules and identify service sectors and modes of supply that are affected. See bound commitment, unbound commitment, full commitment, partial commitment, standstill commitment, rollback commitment, sector-specific commitment, and horizontal commitment.

Consumption abroad: One of four possible modes of delivering services to foreign consumers, whereby the consumer, or the consumer's property, receives a service outside the territory of the home country, either by moving or being situated abroad. See modes of supply.

Cross-border supply: One of four possible modes of delivering services to foreign consumers, whereby the service is transported beyond the home country of the service supplier to the foreign consumer. Cross-border supply may entail transportation by mail, telecommunications, or the physical movement of merchandise embodying a service (e.g., a diskette storing information) from one country to another. The mode is "cross-border" when the service supplier is not present within the territory where the service is delivered. See modes of supply.

Full commitment: This is recorded in the national schedule of a country that wishes to impose no limit on market access or national treatment in a given sector and mode of supply. In the national schedules, a full commitment is reflected by the word "none" (meaning no limitations) in the entry for the relevant service sector and mode of supply.

Home country: The country in which the service supplier is based. See host country.

Horizontal commitment: Commitment that applies to international trade in multiple service sectors. Typically, horizontal commitments include limitations on market access or national treatment. In the national schedules, horizontal commitments appear at the beginning.

Host country: The country in which services are rendered by a foreign service supplier, in the form of a natural person or commercial presence. See home country.

Juridical person: Any legal entity duly constituted or otherwise organized under applicable law, whether for profit or otherwise, and whether privately- or governmentally-owned. Juridical persons include any corporation, trust, partnership, joint venture, sole proprietorship, or association. Branches and representative offices are not included.

Limitations on market access: The column on a country's GATS schedule that lists the restrictions on specific modes of supply (cross-border supply, consumption abroad, commercial presence, or presence of natural persons) that apply to conducting a services business in the Member country for the given sector or subsector.

Limitations on national treatment: The column on a Member's GATS schedule that lists the restrictions on specific modes of supply (cross-border supply, consumption abroad, commercial presence, or presence of natural persons) that apply to how foreign services companies are treated in comparison to domestic ones in a given sector or subsector.

Measure: A law, regulation, rule, procedure, decision, or administrative action that affects trade in services. Measures may pertain to: (1) the purchase of, payment for, or use of a service; (2) a service supplier's access to, and use of, services which are available to the general public; and (3) a service supplier's ability to establish a presence, including a commercial presence, in a host country.

Modes of supply: Means of delivering services to foreign consumers. Modes of supply are defined on the basis of the origins of the service supplier and consumer, and the degree and type of territorial presence which they have at the moment that the service is delivered. There are four modes of supply: (1) cross-border supply; (2) consumption abroad; (3) commercial presence; and (4) presence of natural persons. See definitions of each for more information.

Most-Favored-Nation (MFN): Trading status accorded to a nation wherein the terms and conditions of trade with that nation are as favorable as those granted any other nation. The MFN obligation in Article II of the GATS states that the most favorable treatment actually accorded in all sectors, whether the subject of a commitment or not, must also be accorded to all other Members.

Most-Favored-Nation (MFN) exemption: Specific exceptions to the MFN obligation are included in each Member's "List of MFN Exemptions."

National treatment: Treatment of a foreign service supplier that is no less favorable than that accorded to domestic service suppliers.

Natural person: A person who is a national of a country under the law of that country (e.g., persons eligible to hold a passport of that country), or in the case of a country which does not have nationals (e.g., territories), a person who has the right of permanent residence under the law of that country.

Partial commitment: This is recorded in the national schedule of a country that wishes to impose some limits on market access or national treatment in a given sector and mode of supply. Unless otherwise stated, the limitations presented in the national schedule are the only limitations that apply to a specific mode of supplying the service.

Presence of natural persons: One of four possible modes of delivering services to foreign consumers, whereby one individual, acting alone or as an employee of a service supplier, provides a service while present in a foreign market.

Rollback commitment: A type of bound commitment wherein a country maintains some, but not all, currently existing regulations that limit market access or national treatment in a given sector and mode of supply. In the national schedules, a rollback commitment will describe the remaining measures that are inconsistent with free market access and national treatment.

Supply of a service: The production, distribution, marketing, sale, and delivery of a service.

Standstill commitment: A type of bound commitment wherein a country maintains all existing regulations that limit market access or national treatment in a given sector and mode of supply. In the national schedules, a standstill commitment will describe the measures that are currently inconsistent with free market access and national treatment.

Sector-specific commitment: Legally enforceable commitment affecting trade in a specific service sector. They generally specify limitations regarding market access or national treatment.

Transparency: Transparency exists in a commitment when the nature and extent of all regulatory impediments to trade are explained in their entirety, with precision and clarity.

Unbound commitment: A measure that may be inconsistent with market access or national treatment that can be made more restrictive in the future. In the national schedules, an unbound measure is reflected by the word "unbound" in the relevant service sector and mode of supply. In the event that a service sector or mode of supply is unbound, a new measure that is inconsistent with market access and national treatment may be introduced in the future. The word "unbound" may be accompanied by an asterisk if a particular mode of supply is not technically feasible.

APPENDIX E

**CALENDAR OF WITNESSES APPEARING
AT THE PUBLIC HEARING**

CALENDAR OF PUBLIC HEARINGS

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : GENERAL AGREEMENT ON TRADE IN SERVICES: EXAMINATION OF MAJOR TRADING PARTNERS' SCHEDULES OF COMMITMENTS

Inv. No. : 332-358

Date and Time : June 7, 1995 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main hearing room 101, 500 E Street, S.W., Washington, D.C.

ORGANIZATION AND WITNESS

TIME CONSTRAINTS

Stewart and Stewart
Washington, D.C.
on behalf of

Federal Express Corporation, Memphis, TN

Nancy S. Sparks, Managing Attorney, International
Regulatory Affairs

Jimmie V. Reyna--OF COUNSEL

The Freeman Company, Chevy Chase, MD

Harry L. Freeman, President

American Bar Association, Washington, DC

Peter D. Ehrenhaft, Esquire

-END-

APPENDIX F

**LIST OF COMPANIES, ASSOCIATIONS,
GOVERNMENT AGENCIES, AND RESEARCH FIRMS
INTERVIEWED BY COMMISSION STAFF**

APPENDIX F

LIST OF COMPANIES, ASSOCIATIONS, GOVERNMENT AGENCIES, AND RESEARCH FIRMS INTERVIEWED BY COMMISSION STAFF

Service Industries

Accounting services

Arthur Andersen and Company
Fédération des Experts Comptables Européens (FEE)
International Federation of Accountants
Price Waterhouse EC Services, SA

Advertising services

American Association of Advertising Agencies
Bates Worldwide
BBDO Worldwide
Foote, Cone and Belding
Gannett Outdoor Advertising
Grey Advertising
International Advertising Association
Lintas Worldwide
McCann-Erickson Worldwide
Omnicom Group
Transportation Displays
WPP Group

Architecture, Engineering, and Construction services

American Consulting Engineers Council
American Institute of Architects
Associated General Contractors of America
National Council of Examiners for Engineering and Surveying
National Society of Professional Engineers
U.S. Council for International Engineering Practice

Audiovisual services

American Film Marketing Association
Council of Europe
Institute of Cinematography and Visual Arts, Ministry of Culture, Spain
International Trade Administration, U.S. Department of Commerce
Motion Picture Association of America

Courier services

Airborne Courier Conference of America
Courier Magazine
DHL Worldwide Corporation
Federal Express Corporation
United Parcel Service

Distribution services

Arthur Andersen and Company
Associated Merchandise
Avon Products
Brice Group
Brownstein, Zeidman, and Lore
COWI International Group
Footwear Distribution Retailers of America
International Mass Retail Association
National Retail Federation
Sibley International
Wal-mart

Education services

American Council on Education
American Cultural Exchange
American Language Academy
Association of International Educators
Institute of International Education
Teachers of English to Speakers of Other Languages (TESOL)
Temple University Japan
U.S. Department of Education
World Education Services

Enhanced Telecommunication services

AT&T
Electronic Data Systems (EDS)
GE Information Services
IBM
Sprint International

Health Care services

American Hospital Association
Beverly Enterprises
Charter Medical
Columbia/HCA Healthcare
Department of Health and Human Services
Federation of American Health Systems
FHP International
Health Care Financing Administration
Hillhaven

Health Care services *(continued)*

Humana
Johns Hopkins University Hospital
Manor Healthcare
Massachusetts General Hospital
Mayo Clinic
Pacific Health
Paracelsus Healthcare
Tenent Healthcare
UCLA Medical Center
International Trade Administration, U.S. Department of Commerce

Legal services

American Bar Association
Baker and McKenzie
Bryan Cave
Morgan, Lewis, and Bockius
White and Case
Donovan, Leisure, Newton and Irvine (Paris office)
LeBoeuf, Lamb, Greene & MacRae (Brussels office)
Oppenheimer, Wolff & Donnelly (Brussels office)

Transportation services

American Association of Port Authorities
American Trucking Associations
Association of American Railroads
European Commission: Directorate-General VII, Transportation
Federal Highway Administration
Federal Railroad Administration
National Customs Brokers and Forwarders Association of America
Railway Progress Institute

Travel and Tourism services

Air Transport Association
American Council of Highway Advertisers
American Express
American Hotel and Motel Association
American Society of Travel Agents
Choice Hotels
Grant and Associates
Society of Travel Agencies in Government
Travel and Tourism Government Affairs Council
U.S. Travel and Tourism Administration, U.S. Department of Commerce
World Tourism Organization

General

Coalition of Service Industries
American Chamber of Commerce in France
Waste Management International Services Limited
Delta Airlines, Inc. (Paris office)
American Chamber of Commerce in Brussels, the EU Committee
Institute of European Studies
Institut d'études politiques de Paris

Governmental Agencies

Austrian Mission to the World Trade Organization
European Commission: Directorate-General I, External Economic Relations
European Commission: Directorate-General VII, Transportation
European Commission: Directorate-General XV, Professional Services
Finnish Mission to the World Trade Organization
Ministère de l'économie, France
U.S. Mission to the European Union
U.S. Mission to the Organization for Economic Co-operation and Development
United States Trade Representative

International Organizations

Organization for Economic Co-operation and Development
United Nations
World Trade Organization

APPENDIX G

CONCORDANCE OF INDUSTRY CLASSIFICATIONS

Concordance of industry classifications

GATT Secretariat's Services Sectoral Classification List	United Nations' Provisional Central Product Classification System (CPC)
<p>1. BUSINESS SERVICES</p> <p>A. Professional services</p> <p>a) Legal services</p> <p>b) Accounting, auditing, and bookkeeping services</p> <p>d) Architectural services</p> <p>e) Engineering services</p> <p>f) Integrated engineering services</p> <p>h) Medical and dental services</p> <p>i) Veterinary services</p> <p>j) Services provided by midwives, nurses, physiotherapists and para-medical personnel</p>	<p><u>Group 861:</u> Legal services <u>Subclass 86119:</u> Legal advisory and representation services in judicial procedures concerning other fields of law <u>Class 8612:</u> Legal advisory and representation services in statutory procedures of quasi-judicial tribunals, boards, etc. <u>Class 8613:</u> Legal documentation and certification services <u>Class 8619:</u> Other legal advisory and information services</p> <p><u>Group 862:</u> Accounting, auditing, and bookkeeping services <u>Subclass 86212:</u> Accounting review services</p> <p><u>Class 8671:</u> Architectural services <u>Subclass 86711:</u> Advisory and pre-design architectural services <u>Subclass 86712:</u> Architectural design services <u>Subclass 86713:</u> Contract administration services <u>Subclass 86714:</u> Combined architectural design and contract administration services <u>Subclass 86719:</u> Other architectural services</p> <p><u>Class 8672:</u> Engineering services <u>Subclass 86721:</u> Advisory and consultative engineering services <u>Subclass 86722:</u> Engineering design services for the construction of foundations and building structures <u>Subclass 86723:</u> Engineering design services for mechanical and electrical installations for buildings <u>Subclass 86724:</u> Engineering design services for the construction of civil engineering works <u>Subclass 86725:</u> Engineering design services for industrial processes and production <u>Subclass 86726:</u> Engineering design services, not elsewhere classified <u>Subclass 86727:</u> Other engineering services during the construction and installation phase <u>Subclass 86729:</u> Other engineering services</p> <p><u>Class 8673:</u> Integrated engineering services <u>Subclass 86731:</u> Integrated engineering services for transportation infrastructure turnkey projects <u>Subclass 86732:</u> Integrated engineering and project management services for water supply and sanitation works turnkey projects <u>Subclass 86733:</u> Integrated engineering services for the construction of manufacturing turnkey projects <u>Subclass 86739:</u> Integrated engineering services for other turnkey projects</p> <p><u>Class 9312:</u> Medical and dental services</p> <p><u>Group 932:</u> Veterinary services <u>Subclass 93191:</u> Deliveries and related services, nursing services, physiotherapeutic and para-medical services</p>

Concordance of industry classifications (continued)

GATT Secretariat's Services Sectoral Classification List	United Nations' Provisional Central Product Classification System (CPC)
<p>F. Other business services</p> <p>a) Advertising services</p>	<p><u>Group 871</u>: Advertising services</p>
<p>2. COMMUNICATION SERVICES</p> <p>B. Courier services</p> <p>C. Telecommunication services</p> <p>f) Facsimile services</p> <p>h) Electronic mail</p> <p>l) Voice mail</p> <p>j) On-line information and data base retrieval</p> <p>k) Electronic data interchange</p> <p>l) Enhanced/value-added facsimile services (including store and forward, store and retrieve)</p> <p>m) Code and protocol conversion</p> <p>n) On-line information and/or data processing (including transaction processing)</p> <p>D. Audiovisual services</p> <p>a) Motion picture and video tape production and distribution services</p> <p>b) Motion picture projection service</p> <p>c) Radio and television services</p> <p>d) Radio and television transmission services</p> <p>e) Sound recording</p> <p>f) Other</p>	<p>Class 7512: Courier services <i>Subclass 75121</i>: Multi-modal courier services</p> <p>Class 7521: Public telephone services Class 7529: Other telecommunication services</p> <p>Class 7523: Data and message transmission services</p> <p>Class 7523: Data and message transmission services</p> <p>Class 7523: Data and message transmission services</p> <p>Class 7523: Data and message transmission services</p> <p>Class 7523: Data and message transmission services</p> <p><i>No corresponding CPC</i></p> <p><u>Group 843</u>: Data processing services</p> <p>Class 9611: Motion picture and video tape production and distribution services <i>Subclass 96112</i>: Motion picture or video tape production services</p> <p>Class 9612: Motion picture projection services <i>Subclass 96121</i>: Motion picture projection services</p> <p>Class 9613: Radio and television services</p> <p>Class 7524: Program transmission services</p> <p><i>No corresponding CPC</i></p> <p><i>No corresponding CPC</i></p>

GATT Secretariat's Services Sectoral Classification List	United Nations' Provisional Central Product Classification System (CPC)
<p>3. CONSTRUCTION AND RELATED ENGINEERING SERVICES</p> <p>A. General construction work for buildings</p> <p>B. General construction work for civil engineering</p> <p>C. Installation and assembly work</p> <p>D. Building completion/finishing work</p> <p>E. Other</p>	<p><u>Group 512</u>: Construction work for buildings <u>Subclass 5121</u>: Construction work for one- and two-dwelling buildings <u>Subclass 5122</u>: Construction work for multi-dwelling buildings <u>Subclass 5124</u>: Construction work for commercial buildings <u>Subclass 5127</u>: Construction work for educational buildings <u>Subclass 5128</u>: Construction work for health buildings</p> <p><u>Group 513</u>: Construction work for civil engineering <u>Class 5131</u>: Construction work for highways (except elevated highways), streets, roads, railways, and airfield runways <u>Class 5135</u>: Construction work for local pipelines and cables, ancillary works</p> <p><u>Group 514</u>: Assembly and erection of prefabricated constructions <u>Group 516</u>: Installation work <u>Subclass 5161</u>: Heating, ventilation, and air conditioning work <u>Subclass 5162</u>: Water plumbing and drain laying work <u>Subclass 5163</u>: Gas fitting construction work <u>Subclass 5164</u>: Electrical work</p> <p><u>Group 517</u>: Building completion and finishing work</p> <p><u>Group 511</u>: Pre-erection work at construction site <u>Group 515</u>: Special trade construction work <u>Group 518</u>: Renting services related to equipment for construction or demolition of building or civil engineering work, with operator</p>
<p>4. DISTRIBUTION SERVICES</p> <p>A. Commission agents' services</p> <p>B. Wholesale trade services</p> <p>C. Retailing services</p> <p>D. Franchising</p>	<p><u>Group 621</u>: Commission agents' services</p> <p><u>Subclass 61111</u>: Wholesale trade services of motor vehicles <u>Group 622</u>: Wholesale trade services <u>Class 6222</u>: Wholesale trade services of food, beverages, and tobacco</p> <p><u>Class 6111</u>: Sales of motor vehicles <u>Subclass 61112</u>: Retail sales of motor vehicles <u>Class 6113</u>: Sales of parts and accessories of motor vehicles <u>Class 6121</u>: Sales of motorcycles and snowmobiles and related parts and accessories</p> <p><u>Group 613</u>: Retail sales of motor fuel <u>Group 631</u>: Food retailing services <u>Group 632</u>: Non-food retailing services <u>Class 6329</u>: Other specialized retail sales of non-food products</p> <p><u>Group 633</u>: Repair services of personal and household goods</p> <p><u>Class 8929</u>: Other non-financial intangible assets</p>

GATT Secretariat's Services Sectoral Classification List	United Nations' Provisional Central Product Classification System (CPC)
<p>5. EDUCATIONAL SERVICES</p> <p>A. Primary education services</p> <p>B. Secondary education services</p> <p>C. Higher education services</p> <p>D. Adult education services</p> <p>E. Other education services</p>	<p><u>Group 921</u>: Primary education services <u>Subclass 9211</u>: Preschool education services <u>Subclass 9219</u>: Other primary education services</p> <p><u>Group 922</u>: Secondary education services <u>Subclass 9221</u>: General secondary education services <u>Subclass 9222</u>: Higher secondary education services <u>Subclass 9223</u>: Technical and vocational secondary education services</p> <p><u>Group 923</u>: Higher education services <u>Subclass 9231</u>: Post-secondary technical and vocational educational services <u>Subclass 9239</u>: Other higher education services</p> <p><u>Group 924</u>: Adult education services, not elsewhere classified</p> <p><u>Group 929</u>: Other education services</p>
<p>8. HEALTH RELATED AND SOCIAL SERVICES, <i>excludes those subsectors listed in section 1A(h-j), under Business Professional Services. (see page G-2)</i></p> <p>A. Hospital services</p> <p>B. Other human health services, <i>excludes CPC "93191: Deliveries and related services, nursing services, physiotherapeutic and para-medical services."</i></p> <p>D. Other</p>	<p>Class 9311: Hospital services</p> <p><u>Subclass 93123</u>: Dental services Class 9319: Other human health services <u>Subclass 93193</u>: Residential health facilities services other than hospital services <u>Subclass 93199</u>: Other human health services, not elsewhere classified</p> <p><i>No corresponding CPC</i></p>
<p>9. TOURISM AND TRAVEL RELATED SERVICES</p> <p>A. Hotels and restaurants, <i>includes catering services</i></p> <p>B. Travel agencies and tour operators services</p> <p>C. Tourist guides services</p> <p>D. Other</p>	<p><u>Group 641</u>: Hotel and other lodging services Class 6411: Hotel lodging services Class 6412: Motel lodging services <u>Subclass 64192</u>: Holiday center and holiday home services <u>Subclass 64193</u>: Letting services of furnished accommodations <u>Subclass 64194</u>: Youth hostel and mountain shelter services <u>Subclass 64195</u>: Camping and caravanning site services <u>Group 642</u>: Food serving services Class 6421: Meal serving services with full restaurant service Class 6422: Meal serving services in self-service facilities Class 6423: Caterer services, providing meals to outside <u>Group 643</u>: Beverage serving services for consumption on the premises Class 6431: Beverage serving services without entertainment Class 6432: Beverage serving services with entertainment</p> <p>Class 7471: Travel agency and tour operator services</p> <p>Class 7472: Tourist guide services</p> <p><i>No corresponding CPC</i></p>

GATT Secretariat's Services Sectoral Classification List	United Nations' Provisional Central Product Classification System (CPC)
<p>11. TRANSPORT SERVICES</p> <p>E. Rail transport</p> <p> a) Passenger transportation</p> <p> b) Freight transportation</p> <p>F. Road transport</p> <p> a) Passenger transportation</p> <p> b) Freight transportation</p> <p> c) Rental of commercial vehicles with operator</p> <p>G. Pipeline transport</p> <p> b) Transportation of other goods (excluding fuel)</p> <p>H. Services auxiliary to all modes of transport</p> <p> a) Cargo handling services</p> <p> b) Storage and warehouse services</p> <p> c) Freight transport agency services</p> <p> d) Other</p> <p>I. Other transport services</p>	<p>Class 7111: Rail passenger transportation</p> <p>Class 7112: Rail freight transportation</p> <p><i>Subclass 71211: Urban and suburban regular transportation</i> <i>Subclass 71213: Interurban regular transportation</i> Class 7122: Other non-scheduled passenger transportation <i>Subclass 71221: Taxi services</i> <i>Subclass 71222: Rental services of passenger cars with operator</i> <i>Subclass 71223: Rental services of buses and coaches with operator</i></p> <p>Class 7123: Freight transportation <i>Subclass 71231: Transportation of frozen or refrigerated goods</i> <i>Subclass 71232: Transportation of bulk liquids or gases</i> <i>Subclass 71233: Transportation of containerized freight</i> <i>Subclass 71234: Transportation of furniture</i></p> <p>Class 7124: Rental services of commercial freight vehicles with operator Class 7213: Rental services of seagoing vessels with operator</p> <p>Class 7139: Transportation of other goods</p> <p>Class 7411: Container handling services Class 7419: Other cargo handling services</p> <p><u>Group 742</u>: Storage and warehousing services</p> <p><u>Group 748</u>: Freight transport agency services</p> <p><u>Group 749</u>: Other supporting and auxiliary transport services</p> <p><i>No corresponding CPC</i></p>

Source: GATT Secretariat's Services Sectoral Classification List (MTN/GNS/W/120).

APPENDIX H

CROSS-INDUSTRY LIMITATIONS

Cross-Industry limitations¹

Mode of Supply ²		Presence of Natural Persons ³	
Country	Sector	Cross-Border Supply	Commercial Presence
Canada ⁴	Investment	<p>Market Access: Unbound</p> <p>National Treatment:</p> <ul style="list-style-type: none"> • Alberta: Service firms within Alberta or Canada may be given preference when competitive in large-scale energy projects needing industrial development, forest management, oil sands, power plant or gas plant and coal development permits. • Foreign corporations must appoint local agents for service of legal documents. 	<p>Market Access: Unbound</p> <p>National Treatment: Unbound other than:</p> <ul style="list-style-type: none"> • Foreign ownership may be limited, and nationality requirements for senior ownership may be specified for service firms being privatized. • Over 50 percent of directors of federally incorporated firms must be Canadian citizens or residents. • Aboriginal persons may be given preferential treatment in the acquisition, establishment, or operation of any commercial enterprise. • Alberta: At least 50 percent of firm's directors must be legal Canadian residents. An Alberta resident attorney must file documents for non-Alberta firm. • British Columbia: Over 50 percent of firm's directors must be Canadian residents, and one director must be BC resident. • Manitoba: Over 50 percent of firm's directors must be Canadian residents. • Newfoundland and Labrador: Over 50 percent of firm's directors must be Canadian residents. Co-operatives must have at least five Canadian residents. Non-resident firms must use local attorneys. • Ontario: Over 50 percent of corporate and co-operative directors must be Canadian residents. • Saskatchewan: Over 50 percent of firm's directors must be Canadian residents, and at least one director must be resident of Province of Incorporation.

Cross-Industry limitations

Mode of Supply ⁷		Commercial Presence		Presence of Natural Persons ⁸	
Country	Sector	Cross-Border Supply	Commercial Presence	Cross-Border Supply	Presence of Natural Persons ⁸
Canada (continued)	Real Estate	Market Access: Unbound National Treatment: Unbound	Market Access: None National Treatment: <ul style="list-style-type: none"> • Alberta: Foreign purchases of Crown land and non-urban real estate are limited. • British Columbia: Only Canadian citizens or permanent residents are eligible for grants of Crown land. • Manitoba: Non-residents are subject to restrictions when purchasing more than 10 acres of farm land, and to a tax on transfers of farm land. • Prince Edward Island: Out-of-Province residents need approval to acquire over 5 acres of land, or over 165 feet of shore frontage. Only Provincial residents can receive property tax rebates on non-commercial property. • Quebec: Provincial residents receive preference in purchasing or leasing public land. Additional taxes are levied on land transfers to non-residents. • Saskatchewan: Foreign entities limited to purchases of 10 acres of Provincial Crown land. 	Market Access: Unbound National Treatment: <ul style="list-style-type: none"> • Alberta: Foreign purchases of Crown land and non-urban real estate are limited. • British Columbia: Only Canadian citizens or permanent residents are eligible for grants of Crown land. • Manitoba: Non-residents are subject to restrictions when purchasing more than 10 acres of farm land, and to a tax on transfers of farm land. • Prince Edward Island: Out-of-Province residents need approval to acquire over 5 acres of land, or over 165 feet of shore frontage. Only Provincial residents can receive property tax rebates on non-commercial property. • Quebec: Provincial residents receive preference in purchasing or leasing public land. Additional taxes are levied on land transfers to non-residents. • Saskatchewan: Foreign entities limited to purchases of 10 acres of Provincial Crown land. 	
	Temporary Entry and Stay of Natural persons	Market Access: None National Treatment: None	Market Access: None National Treatment: <ul style="list-style-type: none"> • Newfoundland and Labrador: Non-resident firms must use local attorneys. 	Market Access: <ul style="list-style-type: none"> • Intra-corporate transferees, which include executives, managers, or specialists, are allowed a maximum 3-year stay. • Professionals are allowed entry for the lesser of 90 days or the time necessary to complete the services contract. This is allowed once in a 12-month period. Business visitors limited to 90-day stay. National Treatment: <ul style="list-style-type: none"> • Intra-corporate transferees, which include executives, managers, or specialists, are allowed a maximum 3-year stay. • Professionals are allowed entry for the lesser of 90 days or the time necessary to complete the services contract. This is allowed once in a 12-month period. Business visitors limited to 90-day stay. 	
	Subsidies	Market Access: Unbound National Treatment: None	Market Access: None National Treatment: <ul style="list-style-type: none"> • Subsidization of public sector service providers is allowed. • Research and development subsidies are unbound. 	Market Access: Unbound National Treatment: Unbound	

Cross-Industry limitations

Mode of Supply ⁷			
Country	Sector	Cross-Border Supply	Commercial Presence
Canada ⁴ (continued)	Taxation	<p>Market Access: Unbound</p> <p>National Treatment:</p> <ul style="list-style-type: none"> Differences may exist in tax treatment of research and development expenditures. Ontario: Tax treatment differs with respect to payments for management services made to affiliated non-residents. 	<p>Market Access: None</p> <p>National Treatment:</p> <ul style="list-style-type: none"> Canadian-controlled private corporations may receive differential tax treatment. Tax exemptions or reductions may be granted to suppliers partially owned by government. Manitoba: Non-residents are subject to a tax on transfers of farm land. Ontario: Non-residents are subject to additional taxes on transfers of land. Capital gains tax rates may differ for Canadian and foreign firms. Quebec: Non-residents are subject to additional taxes on transfers of land.
European Union (EU) ⁸	Investment	<p>Market Access: Unbound</p> <p>National Treatment: Unbound</p>	<p>Market Access: Unbound</p> <p>National Treatment: Unbound</p>
	Real Estate	<p>Market Access: Unbound</p> <p>National Treatment: Unbound</p>	<p>Market Access: Unbound</p> <p>National Treatment: Unbound</p>
			<p>Presence of Natural Persons⁹</p> <p>Market Access: Unbound</p> <p>National Treatment: Unbound other than:</p> <ul style="list-style-type: none"> Manitoba: Non-residents are subject to a tax on transfers of farm land. Ontario: Non-residents are subject to additional taxes on transfers of land. Quebec: Non-residents are subject to additional taxes on transfers of land.

Cross-Industry limitations

Mode of Supply ⁷		Commercial Presence	Presence of Natural Persons ⁸
Country	Sector	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound other than: • EU member states permit the temporary entry and stay of business visitors and intra-corporate transferees. Intra-corporate transferees include executives or specialists. • Professionals are allowed to stay 3 months, or for the duration of the contract, whichever is less, without fulfilling an economic needs test. The number of professionals allowed is limited to the number of persons needed to fulfill the contract. National Treatment: Unbound other than: • EU member states permit the temporary entry and stay of business visitors and intra-corporate transferees. Intra-corporate transferees include executives or specialists. • Professionals are allowed to stay 3 months, or for the duration of the contract, whichever is less, without fulfilling an economic needs test. The number of professionals allowed is limited to the number of persons needed to fulfill the contract ⁹
European Union (EU) ⁶ (continued)	Cross-Border Supply	Market Access: Unbound National Treatment: Unbound	
	Temporary Entry and Stay of Natural Persons	Market Access: Unbound National Treatment: Unbound	
	Subsidies	Market Access: Unbound National Treatment: Unbound None other than: • Eligibility for subsidies may be limited to juridical persons established within the European Union or in an EU member state. • Research and development subsidies are unbound. • The supply of a service or its subsidization within the public sector is not in breach of this commitment.	Market Access: Unbound National Treatment: • Subsidies to natural persons may be restricted to EU nationals.
	Taxation	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound
Austria	Investment	Market Access: None National Treatment: • Treatment accorded to subsidiaries of third-country companies, legally formed and established in one EEA member state, may not be accorded to branches and agencies of that company in other EEA member states. • Branches of foreign joint stock companies and limited liability companies must have approval from the appropriate Federal authority. Approval is subject to the discretion of that authority.	Market Access: • Conforms with EU commitments. National Treatment: • Managing directors and those responsible for observance of the Austrian Trade Act must be residents.

Cross-Industry limitations

Mode of Supply ⁷			
Country	Sector	Cross-Border Supply	Commercial Presence
Austria (continued)	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Foreign acquisitions of real estate must have approval from regional authorities.
	Subsidies	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment: None</p>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment: Unbound</p>
	Taxation	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Treatment accorded to subsidiaries of third-country companies, legally formed and established in one EEA member state, may not be accorded to branches and agencies of that company in other EEA member states. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment: Unbound except:</p> <ul style="list-style-type: none"> • Treatment accorded to subsidiaries of third-country companies, legally formed and established in one EEA member state, may not be accorded to branches and agencies of that company in other EEA member states.
Belgium	All Sectors	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Limitations exist on purchase of real estate and agriculture by foreign entities. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
Denmark	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.

Cross-Industry limitations

Mode of Supply ⁷		Commercial Presence		Presence of Natural Persons ⁸		
Country	Sector	Cross-Border Supply	Commercial Presence	Presence of Natural Persons ⁸		
Finland	Investment	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Finnish authorities can deny foreign acquisition of over one-third of the voting rights in major Finnish companies if an important national interest is jeopardized. • With few exceptions, at least 50 percent of the board of directors or all managing directors of limited companies must be Finnish citizens and residents. <p>National Treatment:</p> <ul style="list-style-type: none"> • Foreign organizations need a trade permit to establish a branch. • Foreign firms need permission to found a limited company. • Subsidiaries of third-country companies must have their registered office, central administration, or principal place of business in an EEA member state. Less favorable treatment may be granted to subsidiaries with only a registered office in an EEA member state. 	<p>Market Access:</p> <ul style="list-style-type: none"> • At least 50 percent of the board of directors, or all of the managing directors of limited companies must be Finnish citizens and residents. Exceptions are sometimes granted. <p>National Treatment:</p> <ul style="list-style-type: none"> • Trade permits and residency are required for foreigners to provide services as private entrepreneurs or as partners in a Finnish partnership. • Aland authorities must give permission for non-citizens of the Aland Islands to establish and provide services in the islands.¹⁰ 		
	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Non-residents need a permit to acquire or rent real estate intended for recreational purposes for periods of more than 2 years.¹¹ • Aland authorities must give permission for non-citizens of the Aland Islands to acquire and hold property.¹⁰ 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 		
	Temporary Entry and Stay of Natural Persons	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Intra-corporate transferees allowed temporary entry and stay. Intra-corporate transferees include executives, managers, or specialists.⁷ • Professionals are allowed to stay 3 months, or for the duration of the contract, whichever is less, without fulfilling an economic needs test. The number of professionals allowed is limited to the number of persons needed to fulfill the contract.⁹ 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • None other than: • Business visitors may stay 90 days. • Intra-corporate transferees allowed temporary entry and stay. Intra-corporate transferees include executives, managers, or specialists.⁷ • Professionals are allowed to stay 3 months, or for the duration of the contract, whichever is less, without fulfilling an economic needs test. The number of professionals allowed is limited to the number of persons needed to fulfill the contract.⁹ 	

Cross-Industry limitations

Mode of Supply ¹			
Country	Sector	Cross-Border Supply	Commercial Presence
France	Investment	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Foreign equity participation in newly privatized companies may be limited. • If foreign investment exceeds one-third of total investments, or exceeds 20 percent of equity in publicly traded French companies, the following regulations apply: Investments of less than FFt 50 million in French companies with total annual sales of less than FFt 500 million are allowed 15 days after notification and verification. Investments exceeding this limit are approved 1 month after notification, subject to approval by the Ministry of Economic Affairs. • If managing director is not holder of permanent residence permit, specific authorization is needed to establish certain commercial, industrial, or artisanal activities.¹² <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
	Temporary Entry and Stay of Natural Persons	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Foreign purchases of real estate in Berlin, Schleswig-Holstein, and Saarland may be subject to authorization.¹³
Germany	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
Greece	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound 	<p>Market Access:</p> <ul style="list-style-type: none"> • Permission from the Ministry of Defense is required to acquire land near borders. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
Ireland	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • The Land Commission must give prior written consent for acquisitions of land outside cities or towns. Certificate from Minister for Enterprise and Employment may waive requirement when land is for industrial use.

Cross-Industry limitations

Mode of Supply ¹			
Country	Sector	Cross-Border Supply	Commercial Presence
Italy	Investment	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Exclusive rights to newly privatized companies may be granted or maintained, and voting rights may be restricted. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Real estate purchases are unbound.
	Temporary Entry and Stay of Natural Persons	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
Luxembourg	All Sectors	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
Netherlands	All Sectors	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
Portugal	Investment	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Authorization is required for non-EU originating investments exceeding 20 percent of capital, or if investment results in the control or strengthening of decision-making power in the enterprise. • The amount of foreign participation in newly privatized companies is determined by the government on a case-by-case basis. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.

Cross-Industry limitations

Mode of Supply ⁷			
Country	Sector	Cross-Border Supply	Commercial Presence
Spain	Investment	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Foreign governments and foreign public entities need prior authorization to invest. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
	Investment	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Foreign companies can conduct business through branches without establishing a legal entity in Sweden. • Building projects of less than a year in duration do not require the establishment of a branch. <p>National Treatment:</p> <ul style="list-style-type: none"> • One founding member of a joint stock company must be a Swedish resident or a Swedish legal entity. Partners must also be a Swedish resident or a Swedish legal entity. The managing director and at least 50 percent of the board must be Swedish residents. Exemptions to these regulations are sometimes granted. • Subsidiaries of third-country companies must have their registered office, central administration, or principal place of business in an EEA member state. Less favorable treatment may be given to subsidiaries with only a registered office in an EEA member state, unless the company shows an effective and continuous link with one of the member states.
Sweden	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Authorization is required to purchase a second home.
	All Sectors	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
United Kingdom	Investment	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
Japan	Investment	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.
	Real Estate	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.

Cross-Industry limitations

Mode of Supply ⁷		Cross-Border Supply	Commercial Presence	Presence of Natural Persons ⁸
Country	Sector	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound
Japan (continued)	Temporary Entry and Stay of Natural Persons	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound other than: <ul style="list-style-type: none"> • Intra-corporate transferees, which include managers and specialists, are allowed temporary stay of up to 5 years. Business visitors can stay up to 90 days. • Certain legal¹⁴ and accounting¹⁵ professionals are allowed temporary stay of up to 5 years. National Treatment: Unbound other than: <ul style="list-style-type: none"> • Intra-corporate transferees, which include managers and specialists, are allowed temporary stay of up to 5 years. Business visitors can stay up to 90 days. • Certain legal¹⁴ and accounting¹⁵ professionals are allowed temporary stay of up to 5 years.
	Subsidies	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound
	Taxation	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound
Mexico ¹⁶	Investment	Market Access: Unbound National Treatment: None	Market Access: <ul style="list-style-type: none"> • Foreign investment in activities reserved for Mexican nationals must be made through neutral shares quoted on the Mexican Stock Exchange. National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound
	Real Estate	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound

Cross-Industry limitations

Mode of Supply ¹		Commercial Presence		Presence of Natural Persons ²	
Country	Sector	Cross-Border Supply	Commercial Presence	Cross-Border Supply	Presence of Natural Persons ²
Mexico ¹⁰ (continued)	Temporary Entry and Stay of Natural Persons	Market Access: None National Treatment: None	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound other than: <ul style="list-style-type: none"> Intra-corporate transferees, which may include executives, managers, and specialists, may stay in Mexico for 1 year, with a possible 1-year extension. Business visitors are allowed entry for up to 90 days. National Treatment: Unbound other than: <ul style="list-style-type: none"> Intra-corporate transferees, which may include executives, managers, and specialists, may stay in Mexico for 1 year, with a possible 1-year extension. Business visitors are allowed entry for up to 90 days. The following professions are reserved for Mexican nationals: customs brokers and train crews.
	Subsidies	Market Access: Unbound National Treatment: None	Market Access: Unbound National Treatment: <ul style="list-style-type: none"> Unbound for R&D subsidies and incentives for small Mexican-owned service firms. 	Market Access: Unbound National Treatment: <ul style="list-style-type: none"> Subsidies to natural persons may be limited to Mexican citizens. 	
	Taxation	Market Access: Unbound National Treatment: None	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	

¹ Only the cross-industry limitations that apply to the services covered in this report are included in this table. Please refer to the original commitments for a comprehensive listing of all cross-industry limitations.

² Consumption abroad is not included as a mode of supply because restrictions on investment, real estate, temporary entry and stay, subsidies, and taxation are not applicable to consumption abroad. However, Canada and Mexico included commitments to consumption abroad, which are referenced in endnotes.

³ Definitions of different types of professions and categories by country can be found in the glossary that follows this table. Definitions vary by country.

⁴ Canada made the same commitments for consumption abroad as it did for cross-border supply. These commitments are not included in the table because limitations to consumption abroad of the stated sectors are not feasible.

⁵ The 1994 limit of \$C153 million is adjusted annually for changes in nominal Gross Domestic Product. Approval is dependent upon the expected effect of the investment on economic activity, productivity, efficiency, technological development, and product innovation and variety; the degree and significance of Canadian participation; compatibility of the investment with economic and cultural policies; and the expected contribution to Canada's worldwide competitiveness.

⁶ All deviations from the EU commitments are stated under individual member states.

⁷ Temporary entry and stay is defined differently in each EU member state. The precise duration can vary according to the type of natural persons mentioned in the EU schedule.

⁸ This text differs from the original offer to include further clarification of the schedule submitted by the European Union in July 1995.

⁹ The EEA includes all members of the European Union and of the European Free-Trade Area.

¹⁰ This regulation applies to all people that are not citizens of the Åland Islands, including Finnish citizens. Finnish government official, interviews by USITC staff, Geneva, July 24, 1995.

¹¹ In essence, this only applies to individuals, not service providers. Finnish government officials, interviews by USITC staff, Geneva, July 24, 1995.

¹² The definition of artisanal, in relation to this study, includes advertising, construction, distribution, and tourism services.

¹³ This practice is not currently implemented. However, the commitment gives Germany the right to require authorization. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

Cross-Industry limitations

¹⁴ The four types of lawyers allowed into Japan under this commitment are lawyers qualified as "Bengoshi" under Japanese law, patent attorneys qualified as "Benrishi" under Japanese law, maritime procedure agents qualified as "Kaijidaishishi" under Japanese law, and qualified lawyers consulting on the law of their home jurisdiction.

¹⁵ This commitment applies to accountants qualified as "Koninkaikeishi" or "Zenrishi" under Japanese law.

¹⁶ Mexico's cross-industry limitations are "none" for consumption abroad. These commitments are not included in the table because limitations to consumption abroad of the stated sectors are not feasible.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Final list of Article II (MFN) Exemptions (GATS/EL/7), Apr. 1994; GATS, Canada: Final list of Article II (MFN) Exemptions (GATS/EL/16), Apr. 1994; GATS, European Union: Final list of Article II (MFN) Exemptions (GATS/EL/31), Apr. 1994; GATS, Finland: Final list of Article II (MFN) Exemptions (GATS/EL/33), Apr. 1994; GATS, Japan: Final list of Article II (MFN) Exemptions (GATS/EL/46), Apr. 1994; GATS, Mexico: Final list of Article II (MFN) Exemptions (GATS/EL/56), April 1994, GATS, Sweden: Final list of Article II (MFN) Exemptions (GATS/EL/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994- May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX I

MOST-FAVORED-NATION (MFN) EXEMPTIONS

MFN exemptions that apply to all service sectors

Country/Region listing MFN exemption	Description of measure	Countries awarded preference	Duration of preference	Reason for listing MFN exemption
Canada	Compulsory arbitration of investor-state investment disputes is accepted.	All countries with bilateral investment agreements with Canada	Indeterminate	Promote and protect foreign investment.
European Union	Provides for the movement of natural persons between countries when supplying services.	Switzerland	Indefinite	Reflect progressive trade liberalization between the European Union and its regional trading partner.
	Provides for the right of establishment for certain juridical and natural persons. In addition, work permit requirements may be waived.	San Marino, Monaco, Andorra, and the Vatican City State	Indefinite	Preserve the geographic, historic, economic, and cultural links with these regions.
	Work permits for temporary contract work may be guaranteed.	States in Central, Eastern, and South-Eastern Europe, including Russia, Ukraine, Belarus, and Georgia, and in the Mediterranean Basin	Indefinite, until economic integration agreements are concluded or completed with certain countries.	Assist these countries with economic transition and development.
Denmark	Financial support for R&D projects and funding of feasibility studies for international projects may be given.	Sweden, Finland, Iceland, and Norway	Indefinite	Maintain and develop Nordic cooperation.
Finland	Financial support for R&D projects, funding of feasibility studies for international projects, and guarantees and loans for investment projects and exports may be given.	Denmark, Sweden, Iceland, and Norway	Indefinite	Maintain and develop Nordic cooperation.
France	Financial assistance may be given to companies utilizing environmental technology in cooperation with a Nordic company.	Eastern Europe	Indefinite	Maintain and develop Nordic cooperation.
	Natural and legal persons may face less stringent entry regulations for certain service activities and professions.	Francophone African countries, Algeria, Switzerland, and Romania	10 years	Reflect historical links between France and these countries.
Italy	Authorization for purchase of real estate granted on the basis of reciprocity.	All countries	Indefinite	Ensure equivalent treatment for Italians in other countries.
Portugal	Guaranteed work permits for seasonal workers based upon bilateral agreements.	States in Central Eastern and South-Eastern Europe and the Mediterranean Basin	Indefinite	Alleviate seasonal worker shortages and ensure the orderly movement of seasonal workers.
	Nationality requirements for suppliers of some services may be waived.	Countries with Portuguese as the official language ¹	Indefinite	Reflect historical links between Portugal and these countries.
Sweden	Financial support for R&D projects, funding of feasibility studies for international projects, and guarantees and loans for investment projects may be given.	Denmark, Finland, Iceland, and Norway	Indefinite	Maintain and develop Nordic cooperations.

Country/Region listing MFN exemption	Description of measure	Countries awarded preference	Duration of preference	Reason for listing MFN exemption
Sweden (continued)	Financial assistance may be given to companies utilizing environmental technology in cooperation with a Nordic company. Full national treatment extended to investors.	Eastern Europe	Indefinite	Maintain and develop Nordic cooperation.
United Kingdom	Citizens of Commonwealth Countries with a grandparent born in the UK may have the requirement for a work permit waived.	Cote d'Ivoire, Madagascar, and Senegal Members of the British Commonwealth of Nations	Minimum of 11 years Indefinite	Reflect special investment conditions contained in bilateral treaties. Reflect historical links between these countries and the United Kingdom.

¹ These countries include Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, and São Tomé & Príncipe.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Final list of Article II (MFN) Exemptions (GATS/EL/7), Apr. 1994; GATS, Canada: Final list of Article II (MFN) Exemptions (GATS/EL/16), Apr. 1994; GATS, European Union: Final list of Article II (MFN) Exemptions (GATS/EL/31), Apr. 1994; GATS, Finland: Final list of Article II (MFN) Exemptions (GATS/EL/33), Apr. 1994; GATS, Japan: Final list of Article II (MFN) Exemptions (GATS/EL/46), Apr. 1994; GATS, Mexico: Final list of Article II (MFN) Exemptions (GATS/EL/56), April 1994; GATS, Sweden: Final list of Article II (MFN) Exemptions (GATS/EL/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21, domestic fieldwork, Dec. 1994- May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX J

**COMMITMENTS ON
DISTRIBUTION SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Distribution services¹

Country	Mode of Supply				Comments
	Gross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	
Canada	<p>COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None</p>	<p>COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None</p>	<p>COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None</p>	<p>COMMISSION AGENTS' SERVICES: Market Access: Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC³ 621¹ • Commission Agents' Services exclude CPC 62112, sales on a fee or contract basis of food products, beverages, and tobacco, and sales on a fee or contract basis of pharmaceutical and medical goods in CPC 62117. • CPC 622³ • Wholesale trade services exclude agriculture and live animals in CPC 6221; fisheries products in 62224; alcoholic beverages in 62226; musical scores, audio and video recordings in 62244; and books, magazines, newspapers, journals, periodicals and other printed matter in 62262; and 62251 of pharmaceutical and medical goods, and 62252, surgical and orthopaedic instruments and devices. • CPC 631,³ 632,³ 6111, 6113, 6121, 613 • Excludes liquor, wine, and beer sales in CPC 63107; music scores, audio and video records and tapes in CPC 63234, books, magazines, newspapers, and periodicals in CPC 63253; pharmaceutical, medical, and orthopaedic goods in CPC 63211, and printed music in CPC 63251. • Canada's commitments on retail sales of motor fuel are included in this category.
	<p>WHOLESALE TRADE SERVICES: Market Access: • Sale of amusement machines in Quebec requires commercial presence and citizenship. • Marketing of fish products in Nova Scotia requires ministerial approval. • Sale of motor vehicles in Saskatchewan requires commercial presence. • Automobile and salvage dealers in Newfoundland must supply services through a commercial presence. National Treatment: • Registration and licensing required for non-residents to purchase unprocessed fish from primary producers and to process fish in Newfoundland.</p>	<p>WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None</p>	<p>WHOLESALE TRADE SERVICES: Market Access: • Mobile fish buyers' licenses are not issued to foreigners in British Columbia. National Treatment: None</p>	<p>WHOLESALE TRADE SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	
	<p>RETAIL TRADE SERVICES: Market Access: • Commercial presence is required for itinerant sellers in Ontario and Quebec and for direct sellers in Nova Scotia and British Columbia. National Treatment: • Indirect tax measures result in differences in treatment for delivery by mail of goods in Canada. • Residency required for direct sellers in Newfoundland.</p>	<p>RETAIL TRADE SERVICES: Market Access: None National Treatment: None</p>	<p>RETAIL TRADE SERVICES: Market Access: • Retail petroleum services in Prince Edward Island are subject to public convenience and a needs test. National Treatment: None</p>	<p>RETAIL TRADE SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	

Industry-specific limitations: Distribution services

Mode of Supply		Consumption Abroad		Commercial Presence		Presence of Natural Persons		Comments	
Country	Cross-Border Supply	FRANCHISING SERVICES: Market Access: National Treatment:	FRANCHISING SERVICES: Market Access: National Treatment:	FRANCHISING SERVICES: Market Access: National Treatment:	FRANCHISING SERVICES: Market Access: National Treatment:	FRANCHISING SERVICES: Market Access: National Treatment:	FRANCHISING SERVICES: Market Access: National Treatment:	FRANCHISING SERVICES: Market Access: National Treatment:	FRANCHISING SERVICES: Market Access: National Treatment:
Canada (continued)	FRANCHISING SERVICES: Market Access: • Alberta requires service suppliers to designate a place where legal documents can be served. National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: • Alberta requires retention of an attorney for service in legal documents. National Treatment: None	FRANCHISING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	FRANCHISING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	FRANCHISING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	FRANCHISING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	FRANCHISING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	<ul style="list-style-type: none"> • CPC 8929^a • Includes franchising related to non-financial tangible assets.
European Union ^a (EU)	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None	<ul style="list-style-type: none"> • CPC 621 • Distribution services exclude trade in arms, chemical products, explosives, and precious metals.
	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	<ul style="list-style-type: none"> • CPC 622 • Distribution services exclude trade in arms, chemical products, explosives, and precious metals.
	RETAIL TRADE SERVICES: Market Access: • Unbound except for mail order. National Treatment: • Unbound except for mail order.	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	<ul style="list-style-type: none"> • CPC 631, 632, 633, 61112, 6113, 6121, excluding 63211 • Distribution services exclude trade in arms, chemical products, explosives and precious metals.
	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	<ul style="list-style-type: none"> • CPC 8929 • Distribution Services exclude trade in arms, chemical products, explosives, and precious metals.
Austria ^a	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	<ul style="list-style-type: none"> • Distribution Services exclude pyrotechnical goods, ignitable articles and blasting devices, firearms, ammunition and military equipment, tobacco and tobacco products, pharmaceutical products, medical and surgical devices, toxic substances, certain medical substances, and objects for medical use.

Industry-specific limitations: Distribution services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Belgium	<p>Cross-Border Supply</p> <p>RETAIL TRADE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • New department stores are subject to an economic needs test.⁶ • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
Denmark	<p>RETAIL TRADE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • New department stores are subject to an economic needs test.⁷ • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
Finland ⁷	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Distribution Services exclude arms, alcoholic beverages, and pharmaceutical products.
France	<p>COMMISSION AGENTS' SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound for traders and brokers working in market of national interest. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound for traders and brokers working in market of national interest. 	<p>COMMISSION AGENTS' SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>COMMISSION AGENTS' SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>COMMISSION AGENTS' SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Condition of nationality for activities of traders, commissioners, and brokers working in 20 markets of national interest.⁸ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Distribution services

Country	Mode of Supply				Comments
	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	
Italy	<p>COMMISSION AGENTS' SERVICES:</p> <ul style="list-style-type: none"> Market Access: Unbound National Treatment: Unbound 	<p>COMMISSION AGENTS' SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>COMMISSION AGENTS' SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>COMMISSION AGENTS' SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Residency required. 	
	<p>WHOLESALE TRADE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • State monopoly on tobacco. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>WHOLESALE TRADE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>WHOLESALE TRADE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Residency required. 	<p>WHOLESALE TRADE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Residency required. 	
	<p>RETAIL TRADE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Economic needs test required for the establishment of any new department store/outlet and authorization can be denied in order to protect areas of particular historic and artistic interest.⁶ • State monopoly on tobacco. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Conforms with EU commitments. 	
Luxembourg	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	
Netherlands	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Distribution services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Portugal	<p>Cross-Border Supply</p> <p>COMMISSION AGENTS' SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>COMMISSION AGENTS' SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>COMMISSION AGENTS' SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>COMMISSION AGENTS' SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Residency required. 	
	<p>WHOLESALE TRADE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: State monopoly on tobacco. • National Treatment: Conforms with EU commitments. 	<p>WHOLESALE TRADE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>WHOLESALE TRADE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: State monopoly on tobacco. • National Treatment: Conforms with EU commitments. 	<p>WHOLESALE TRADE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Residency required. 	
	<p>RETAIL TRADE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Economic needs test required for large department stores. (i.e., more than 2000 sq. m.)⁶ • National Treatment: Conforms with EU commitments. 	<p>RETAIL TRADE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	
	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>ALL OTHER DISTRIBUTION SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	

Industry-specific limitations: Distribution services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Spain	Cross-Border Supply	COMMISSION AGENTS' SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	COMMISSION AGENTS' SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	COMMISSION AGENTS' SERVICES: Market Access: • Conforms with EU commitments. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Residency required.	
	Wholesale Trade	WHOLESALE TRADE SERVICES: Market Access: • State monopoly on tobacco. National Treatment: • Conforms with EU commitments.	WHOLESALE TRADE SERVICES: Market Access: • State monopoly on tobacco. National Treatment: • Conforms with EU commitments.	WHOLESALE TRADE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Residency required.	
	Retail Trade Services	RETAIL TRADE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	RETAIL TRADE SERVICES: Market Access: • State monopoly on tobacco. National Treatment: • Conforms with EU commitments.	RETAIL TRADE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	All Other Distribution	ALL OTHER DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	Commission Agents	COMMISSION AGENTS' SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	COMMISSION AGENTS' SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	COMMISSION AGENTS' SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	• CPC 621 & 6113, L 1991:352, 1" • Distribution Services exclude trade in arms and retail sale of alcoholic beverages and pharmaceutical products.
	Wholesale Trade	WHOLESALE TRADE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	WHOLESALE TRADE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	WHOLESALE TRADE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	• CPC 622, 61111, 6113, 6121, L 1991:352, 1" • Distribution Services exclude trade in arms and retail sale of alcoholic beverages and pharmaceutical products.
Sweden ⁹					

Industry-specific limitations: Distribution services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Sweden (continued)	Cross-Border Supply RETAIL TRADE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	RETAIL TRADE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	RETAIL TRADE SERVICES: Market Access: • Individual municipalities may apply economic needs tests to temporary trade in clothing, shoes, and foodstuffs that are not consumed at the point of sale. ¹² National Treatment: • Conforms with EU commitments.	RETAIL TRADE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	• CPC 631, 632, 61112, 6113, 6121, L 1991:352, 1 ¹¹ • Distribution Services exclude trade in arms and retail sale of alcoholic beverages and pharmaceutical products.
	FRANCHISING SERVICES: Market Access: Unbound National Treatment: Unbound	FRANCHISING SERVICES: Market Access: Unbound National Treatment: Unbound	FRANCHISING SERVICES: Market Access: Unbound National Treatment: Unbound	FRANCHISING SERVICES: Market Access: Unbound National Treatment: Unbound	• Sweden did not offer commitments on Franchising Services.
United Kingdom	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL DISTRIBUTION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: None	COMMISSION AGENTS' SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	COMMISSION AGENTS' SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 621, 61111, 6113, 6121 • Specific commitments on Distribution Services do not include services related to petroleum, petroleum products, rice, tobacco, salt, alcoholic beverages, and those supplied at Public Wholesale Market.
Japan	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	WHOLESALE TRADE SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 622, 61111, 6113, 6121 • Specific commitments on Distribution Services do not include services related to petroleum, petroleum products, rice, tobacco, salt, alcoholic beverages, and those supplied at Public Wholesale Market.
	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	RETAIL TRADE SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 631, 632, 61112, 6113, 6121 • Specific commitments on Distribution Services do not include services related to petroleum, petroleum products, rice, tobacco, salt, alcoholic beverages, and those supplied at Public Wholesale Market.

Industry-specific limitations: Distribution services

Country	Mode of Supply			Commercial Presence	Presence of Natural Persons	Comments
	Cross-Border Supply	Consumption Abroad	FRANCHISING SERVICES: Market Access: None National Treatment: None			
Japan (continued)	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: None National Treatment: None	FRANCHISING SERVICES: Market Access: Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.	<ul style="list-style-type: none"> CPC 8929 Specific commitments on Distribution Services do not include services related to petroleum, petroleum products, rice, tobacco, salt, alcoholic beverages, and those supplied at Public Wholesale Market.
Mexico	COMMISSION AGENTS' SERVICES: Market Access: Unbound National Treatment: Unbound	COMMISSION AGENTS' SERVICES: Market Access: Unbound National Treatment: Unbound	COMMISSION AGENTS' SERVICES: Market Access: Unbound National Treatment: Unbound	COMMISSION AGENTS' SERVICES: Market Access: Unbound National Treatment: Unbound	COMMISSION AGENTS' SERVICES: Market Access: Unbound National Treatment: Unbound	<ul style="list-style-type: none"> Mexico did not offer commitments on Commission Agents' Services.
	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: None National Treatment: None	WHOLESALE TRADE SERVICES: Market Access: Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.	<ul style="list-style-type: none"> CPC 622, 6222 Excludes petroleum-based fuels, coal, firearms, cartridges, and ammunition. Includes food, beverages, and tobacco.
	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: None National Treatment: None	RETAIL TRADE SERVICES: Market Access: Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.	<ul style="list-style-type: none"> CPC 631, 632, 61112, 6329 Excludes combustible liquid gas, charcoal, coal, and other non-petroleum based fuels; paraffin, gasoline and diesel fuel; firearms, cartridges, and tractoline ammunition.
	FRANCHISING SERVICES: Market Access: Unbound National Treatment: Unbound	FRANCHISING SERVICES: Market Access: Unbound National Treatment: Unbound	FRANCHISING SERVICES: Market Access: Unbound ¹³ National Treatment: Unbound	FRANCHISING SERVICES: Market Access: Unbound National Treatment: Unbound	FRANCHISING SERVICES: Market Access: Unbound National Treatment: Unbound	<ul style="list-style-type: none"> Mexico did not offer commitments on Franchising Services.

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect distribution services, see cross-industry commitments in appendix H.

² Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

³ The service specified is only a part of the total services included in this CPC.

⁴ Additional commitments are listed under the relevant EU member states' individual commitments.

⁵ Services covered in Austria's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Austria entered the European Union. Criteria for all EU economic needs tests are: the number and impact on existing stores, population density, geographic spread, impact on traffic conditions, and job creation. Economic needs tests encompass a wide range of rules and regulations primarily related to zoning laws and could result in quantitative restrictions. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

⁶ Services covered in Finland's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Finland entered the European Union.

⁷ These markets principally refer to the distribution of agricultural products. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

⁸ This refers to a retail establishment that sells cigarettes. Special licenses are needed to operate this type of store. A ruralist is a person that is entitled by law to sell or distribute cigarettes through a licensed office. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

⁹ Services covered in Sweden's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Sweden entered the European Union.

¹⁰ L refers to applicable laws in Sweden.

¹¹ This does not affect sales on a permanent basis from a permanent basis from a fixed point of sale or from manufacturing facilities. Sales on a permanent basis includes activities such as a clothing factory selling its products directly through a factory shop. Sweden's Permanent Mission to the World Trade Organization, facsimile received in response to telefax inquiry by USITC staff, Mar. 14, 1995.

Industry-specific limitations: Distribution services

¹³ Mexican officials state that foreign investment in franchising services is permitted up to 100 percent of capital. Mexico's Department of Commerce and Industry, facsimile received in response to telefax inquiry by USITC staff, Mar. 20, 1995.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), April 1994; GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, interviews by USITC staff, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, Brussels, July 24-25, 1995; Organization for Economic Co-operation and development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994-May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX K

**COMMITMENTS ON
EDUCATION SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Education services¹

Mode of Supply		Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Country	Gross-Border Supply				
Canada	ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	• Canada did not offer commitments on Education Services.
	PRIMARY EDUCATION: Market Access: None National Treatment: None	PRIMARY EDUCATION: Market Access: None National Treatment: None	PRIMARY EDUCATION: Market Access: None National Treatment: None	PRIMARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 921 • Commitments on Education Services only apply to privately funded Education Services.
	SECONDARY EDUCATION: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 922
	HIGHER EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 923
European Union ² (EU)	ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	• CPC 924
	PRIMARY EDUCATION: Market Access: None National Treatment: None	PRIMARY EDUCATION: Market Access: None National Treatment: None	PRIMARY EDUCATION: Market Access: None National Treatment: None	PRIMARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	
	SECONDARY EDUCATION: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	
	HIGHER EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	
Austria	ADULT EDUCATION: Market Access: None National Treatment: None	ADULT EDUCATION: Market Access: None National Treatment: None	ADULT EDUCATION: Market Access: None National Treatment: None	ADULT EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	
	OTHER EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	OTHER EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	OTHER EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	OTHER EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound	• The European Union did not offer commitments on Other Education Services.
	HIGHER EDUCATION: Market Access: Unbound National Treatment: Unbound	HIGHER EDUCATION: Market Access: Unbound National Treatment: Unbound	HIGHER EDUCATION: Market Access: Unbound National Treatment: Unbound	HIGHER EDUCATION: Market Access: Unbound National Treatment: Unbound	• Austria did not offer commitments on Higher Education Services.
	ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Belgium	ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Education services

Country	Mode of Supply				Comments
	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	
<i>Denmark</i>	<p>HIGHER EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>HIGHER EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>HIGHER EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>HIGHER EDUCATION: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Condition of nationality for professors. National Treatment: • Conforms with EU commitments.</p>	
<i>Finland</i>	<p>ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<ul style="list-style-type: none"> Finland did not offer commitments on Education Services.
<i>France</i>	<p>PRIMARY EDUCATION: Market Access: • Third country nationals' must obtain authorization from competent authorities' to establish and direct an education institution and to teach. National Treatment: • Conforms with EU commitments.</p> <p>SECONDARY EDUCATION: Market Access: • Third country nationals' must obtain authorization from competent authorities' to establish and direct an education institution and to teach. National Treatment: • Conforms with EU commitments.</p>	<p>PRIMARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>SECONDARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>PRIMARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>SECONDARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>PRIMARY EDUCATION: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Third country nationals' must obtain authorization from competent authorities' to establish and direct an education institution and to teach. National Treatment: • Conforms with EU commitments.</p> <p>SECONDARY EDUCATION: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Third country nationals' must obtain authorization from competent authorities' to establish and direct an education institution and to teach. National Treatment: • Conforms with EU commitments.</p>	

Industry-specific limitations: Education services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
France (continued)	<p>Cross-Border Supply</p> <p>HIGHER EDUCATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Third country nationals' must obtain authorization from competent authorities' to establish and direct an education institution and to teach. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HIGHER EDUCATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HIGHER EDUCATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HIGHER EDUCATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Third country nationals' must obtain authorization from competent authorities' to establish and direct an education institution and to teach. • Professors must obtain an employment contract from a university or other higher education institution.⁹ • The work permit is delivered for a period not exceeding 9 months, renewable for the duration of the contract.⁹ • Compliance with an economic needs test is required unless those professors are designated directly by the Minister in charge of higher education.⁹ • The recruiting institution must pay a tax to the International Migration Office.⁹ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL OTHER EDUCATION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER EDUCATION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER EDUCATION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER EDUCATION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
Germany	<p>ALL EDUCATION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL EDUCATION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL EDUCATION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL EDUCATION SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
Greece	<p>PRIMARY EDUCATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>PRIMARY EDUCATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>PRIMARY EDUCATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Majority of members of the board of directors must be of Greek nationality. 	<p>PRIMARY EDUCATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Condition of nationality for teachers. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Education services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Greece (continued)	<p>Cross-Border Supply</p> <p>SECONDARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>SECONDARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>SECONDARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Majority of members of the board of directors must be of Greek nationality.</p>	<p>SECONDARY EDUCATION: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Condition of nationality for teachers. National Treatment: • Conforms with EU commitments.</p>	
	<p>HIGHER EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>HIGHER EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>HIGHER EDUCATION: Market Access: Unbound National Treatment: • Conforms with EU commitments.</p>	<p>HIGHER EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<ul style="list-style-type: none"> Refers to institutions granting state diplomas. Third country nationals can only grant private diplomas, which are less valuable than their state-certified equivalents.⁷
	<p>ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL OTHER EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
Ireland	<p>ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
Italy	<p>PRIMARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • State-recognized diplomas⁸ can only be issued by service providers that meet nationality⁹ conditions.</p>	<p>PRIMARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>PRIMARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>PRIMARY EDUCATION: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments.⁸ • State-recognized diplomas can only be issued by service providers that meet nationality⁹ conditions. National Treatment: • Conforms with EU commitments.</p>	
	<p>SECONDARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • State-recognized diplomas⁸ can only be issued by service providers that meet nationality⁹ conditions.</p>	<p>SECONDARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>SECONDARY EDUCATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>SECONDARY EDUCATION: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments.⁸ • State-recognized diplomas can only be issued by service providers that meet nationality⁹ conditions. National Treatment: • Conforms with EU commitments.</p>	

Industry-specific limitations: Education services

Mode of Supply				Comments
Country	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons
<i>Italy (continued)</i>	<p>HIGHER EDUCATION:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • State-recognized diplomas⁹ can only be issued by service providers that meet nationality⁹ conditions. 	<p>HIGHER EDUCATION:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HIGHER EDUCATION:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Private universities that confer diplomas or degrees must meet needs test and be approved by Parliament.¹⁰ National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HIGHER EDUCATION:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • State-recognized diplomas⁹ can only be issued by service providers that meet nationality⁹ conditions. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments.
<i>Luxembourg</i>	<p>ALL OTHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. <p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. <p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. <p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Netherlands</i>	<p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments.
<i>Portugal</i>	<p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments.
<i>Spain</i>	<p>HIGHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HIGHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HIGHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Private universities that confer diplomas or degrees must meet needs test and be approved by Parliament.¹⁰ National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HIGHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments.
	<p>ALL OTHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER EDUCATION SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments.

Industry-specific limitations: Education services

Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Sweden	<p>Cross-Border Supply</p> <p>ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>ALL EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<ul style="list-style-type: none"> Sweden did not offer commitments on Education Services.
United Kingdom	<p>ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL EDUCATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
Japan	<p>PRIMARY EDUCATION: Market Access: • Unbound due to lack of technical feasibility.¹¹ National Treatment: • Unbound due to lack of technical feasibility.¹¹</p>	<p>PRIMARY EDUCATION: Market Access: • Unbound due to lack of technical feasibility.¹¹ National Treatment: • Unbound due to lack of technical feasibility.¹¹</p>	<p>PRIMARY EDUCATION: Market Access: • Formal Education Institutions¹² must be established by school juridical persons. National Treatment: • None except as indicated in the cross-industry commitments.</p>	<p>PRIMARY EDUCATION: Market Access: Unbound National Treatment: Unbound</p>	<ul style="list-style-type: none"> CPC 9211, 9219 Includes services supplied by Formal Education Institutions established in Japan.
	<p>SECONDARY EDUCATION: Market Access: • Unbound due to lack of technical feasibility.¹¹ National Treatment: • Unbound due to lack of technical feasibility.¹¹</p>	<p>SECONDARY EDUCATION: Market Access: • Unbound due to lack of technical feasibility.¹¹ National Treatment: • Unbound due to lack of technical feasibility.¹¹</p>	<p>SECONDARY EDUCATION: Market Access: • Formal Education Institutions¹² must be established by school juridical persons. National Treatment: • None except as indicated in the cross-industry commitments.</p>	<p>SECONDARY EDUCATION: Market Access: Unbound National Treatment: Unbound</p>	<ul style="list-style-type: none"> CPC 9221, 9222, 9223 Includes services supplied by Formal Education Institutions established in Japan.
	<p>HIGHER EDUCATION: Market Access: • Unbound due to lack of technical feasibility.¹¹ National Treatment: • Unbound due to lack of technical feasibility.¹¹</p>	<p>HIGHER EDUCATION: Market Access: • Unbound due to lack of technical feasibility.¹¹ National Treatment: • Unbound due to lack of technical feasibility.¹¹</p>	<p>HIGHER EDUCATION: Market Access: • Formal Education Institutions¹² must be established by school juridical persons. National Treatment: • None except as indicated in the cross-industry commitments.</p>	<p>HIGHER EDUCATION: Market Access: Unbound National Treatment: Unbound</p>	<ul style="list-style-type: none"> CPC 9231, 9239 Includes services supplied by Formal Education Institutions established in Japan.
	<p>ADULT EDUCATION: Market Access: None National Treatment: None</p>	<p>ADULT EDUCATION: Market Access: None National Treatment: None</p>	<p>ADULT EDUCATION: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.</p>	<p>ADULT EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> CPC 924 Includes foreign language tuition services for adults (excluding services supplied by Formal Education Institutions).
	<p>OTHER EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>OTHER EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>OTHER EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>OTHER EDUCATION SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<ul style="list-style-type: none"> Japan did not offer commitments on Other Education Services.

Industry-specific limitations: Education services

Mode of Supply		Consumption Abroad		Commercial Presence		Presence of Natural Persons		Comments			
Country	Cross-Border Supply	PRIMARY EDUCATION: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: None National Treatment: None	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound	OTHER EDUCATION SERVICES: Market Access: None National Treatment: None	PRIMARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	SECONDARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	HIGHER EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound OTHER EDUCATION SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	
Mexico ¹³	PRIMARY EDUCATION: Market Access: None National Treatment: None	PRIMARY EDUCATION: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: None National Treatment: None	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound	OTHER EDUCATION SERVICES: Market Access: None National Treatment: None	PRIMARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	SECONDARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	HIGHER EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound OTHER EDUCATION SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 921
	SECONDARY EDUCATION: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: None National Treatment: None	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound	OTHER EDUCATION SERVICES: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	SECONDARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	HIGHER EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound OTHER EDUCATION SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 922
	HIGHER EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: None National Treatment: None	HIGHER EDUCATION: Market Access: None National Treatment: None	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound	OTHER EDUCATION SERVICES: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	SECONDARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	HIGHER EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound OTHER EDUCATION SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 923
	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound	HIGHER EDUCATION: Market Access: None National Treatment: None	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound	OTHER EDUCATION SERVICES: Market Access: None National Treatment: None	SECONDARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	SECONDARY EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	HIGHER EDUCATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	ADULT EDUCATION: Market Access: Unbound National Treatment: Unbound OTHER EDUCATION SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• Mexico did not offer commitments on Adult Education Services. • CPC 929 • Includes language education, special education, and commercial training.

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect education services, see cross-industry commitments in appendix H.

² Additional commitments are listed under the relevant EU member states' individual commitments.

³ Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

⁴ Third-country nationals are non-EU persons.

⁵ Authorization from competent authorities is discretionary and can be based on needs tests. However, there is some reciprocity in limited cases. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

⁶ This text differs from the original offer to include further clarification of the schedule submitted by the European Union in July 1995.

⁷ EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

Industry-specific limitations: Education services

⁸ State-recognized diplomas are more marketable as they are widely recognized by employers. To receive state certification, the program must meet certain requirements legally established by the Parliament such as those concerning the number of hours in the program and quality of the curriculum. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

⁹ Nationality conditions apply to all EU nationals.

¹⁰ Needs tests are arbitrary and often quantitative in nature, such as a limit on the number of U.S. schools. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

¹¹ The scheduled services are supplied by Formal Education Institutions, for which a license is only issued to institutions established in Japan. Therefore, it is technically infeasible to provide these services through cross-border supply or consumption abroad.

¹² Formal Education Institutions are elementary schools, lower secondary schools, upper secondary schools, universities, technical colleges, schools for the blind, schools for the deaf, schools for the handicapped, and kindergartens.

¹³ Mexico's commitments refer to private education services.

¹⁴ Official valid-recognition can be conferred by the Public Education Secretary or the corresponding State Government as long as the requesting individuals meet the following requirements: a) adjust activities and teaching methods as required in Article 5 of the Education Law; b) operate within plans and programs indicated by the Secretary of Public Education; c) teach through accredited professional educators; d) have adequate building facilities, labs, shops, libraries, sports fields, and other facilities deemed necessary, that meet hygienic and pedagogical conditions as determined by the State; e) facilitate State supervision of educational material; f) provide scholarships according to, and relative to, means; g) abide by conditions established in accords and other terms determined by educational authorities.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), April 1994, GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994-May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX L

**COMMITMENTS ON
ENHANCED TELECOMMUNICATION SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Enhanced telecommunication services¹

Country	Mode of Supply			Comments
	Cross-Border Supply	Consumption Abroad	Commercial Presence	
Canada	ELECTRONIC MAIL: Market Access: None National Treatment: None	ELECTRONIC MAIL: Market Access: None National Treatment: None	ELECTRONIC MAIL: Market Access: None National Treatment: None	Presence of Natural Persons ELECTRONIC MAIL: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.
	VOICE MAIL: Market Access: None National Treatment: None	VOICE MAIL: Market Access: None National Treatment: None	VOICE MAIL: Market Access: None National Treatment: None	• CPC 7523 ³
	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: None National Treatment: None	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: None National Treatment: None	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: None National Treatment: None	• CPC 7523 ³
	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: None	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: None	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: None	• CPC 7523 ³
	ENHANCED/VALUE-ADDED FACSIMILE SERVICES: Market Access: None National Treatment: None	ENHANCED/VALUE-ADDED FACSIMILE SERVICES: Market Access: None National Treatment: None	ENHANCED/VALUE-ADDED FACSIMILE SERVICES: Market Access: None National Treatment: None	• CPC 7523 ³
	CODE AND PROTOCOL CONVERSION: Market Access: None National Treatment: None	CODE AND PROTOCOL CONVERSION: Market Access: None National Treatment: None	CODE AND PROTOCOL CONVERSION: Market Access: None National Treatment: None	• No CPC specified

Industry-specific limitations: Enhanced telecommunication services

Mode of Supply		Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Country	Cross-Border Supply	ON-LINE INFORMATION AND/OR DATA PROCESSING: Market Access: None National Treatment: None	ON-LINE INFORMATION AND/OR DATA PROCESSING: Market Access: None National Treatment: None	ON-LINE INFORMATION AND/OR DATA PROCESSING: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 843 ³
Canada (continued)	ELECTRONIC MAIL: Market Access: None National Treatment: None	ELECTRONIC MAIL: Market Access: None National Treatment: None	ELECTRONIC MAIL: Market Access: None National Treatment: None	ELECTRONIC MAIL: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• No CPC specified
	VOICE MAIL: Market Access: None National Treatment: None	VOICE MAIL: Market Access: None National Treatment: None	VOICE MAIL: Market Access: None National Treatment: None	VOICE MAIL: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• No CPC specified
	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: None National Treatment: None	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: None National Treatment: None	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: None National Treatment: None	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• No CPC specified
	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: None	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: None	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: None	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• No CPC specified
European Union ⁴ (EU)	ELECTRONIC MAIL: Market Access: None National Treatment: None	ELECTRONIC MAIL: Market Access: None National Treatment: None	ELECTRONIC MAIL: Market Access: None National Treatment: None	ELECTRONIC MAIL: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• No CPC specified
	VOICE MAIL: Market Access: None National Treatment: None	VOICE MAIL: Market Access: None National Treatment: None	VOICE MAIL: Market Access: None National Treatment: None	VOICE MAIL: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• No CPC specified
	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: None National Treatment: None	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: None National Treatment: None	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: None National Treatment: None	ON-LINE INFORMATION AND DATABASE RETRIEVAL: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• No CPC specified
	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: None	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: None	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: None	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• No CPC specified
	ENHANCED/VALUE-ADDED FACSIMILE SERVICES: ⁵ Market Access: None National Treatment: None	ENHANCED/VALUE-ADDED FACSIMILE SERVICES: Market Access: None National Treatment: None	ENHANCED/VALUE-ADDED FACSIMILE SERVICES: Market Access: None National Treatment: None	ENHANCED/VALUE-ADDED FACSIMILE SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• No CPC specified

Industry-specific limitations: Enhanced telecommunication services

Mode of Supply		Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Country	Cross-Border Supply				
European Union' (continued)	CODE AND PROTOCOL CONVERSION: None Market Access: None National Treatment: None	CODE AND PROTOCOL CONVERSION: None Market Access: None National Treatment: None	CODE AND PROTOCOL CONVERSION: None Market Access: None National Treatment: None	CODE AND PROTOCOL CONVERSION: None Market Access: None National Treatment: None	• No CPC specified
	ON-LINE INFORMATION AND/OR DATA PROCESSING: Market Access: None National Treatment: None	ON-LINE INFORMATION AND/OR DATA PROCESSING: Market Access: None National Treatment: None	ON-LINE INFORMATION AND/OR DATA PROCESSING: Market Access: None National Treatment: None	ON-LINE INFORMATION AND/OR DATA PROCESSING: Market Access: None National Treatment: None	• No CPC specified
Austria	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Belgium	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Denmark	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Finland	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Enhanced telecommunication services

Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
<i>Portugal</i>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Capital holdings of all non-EU companies in complementary telecommunications infrastructures^a are limited to 25 percent. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>Spain</i>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>Sweden</i>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>United Kingdom</i>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ENHANCED TELECOMMUNICATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>Japan</i>	<p>ELECTRONIC MAIL: Market Access: None National Treatment: None</p>	<p>ELECTRONIC MAIL: Market Access: None National Treatment: None</p>	<p>ELECTRONIC MAIL : Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.</p>	<p>ELECTRONIC MAIL: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<p>• CPC 7523</p>
	<p>VOICE MAIL: Market Access: None National Treatment: None</p>	<p>VOICE MAIL: Market Access: None National Treatment: None</p>	<p>VOICE MAIL: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.</p>	<p>VOICE MAIL: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<p>• CPC 7521⁷</p>

Industry-specific limitations: Enhanced telecommunication services

Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Japan (continued)	Cross-Border Supply	ON-LINE INFORMATION AND DATA BASE RETRIEVAL: Market Access: None National Treatment: None	ON-LINE INFORMATION AND DATA BASE RETRIEVAL: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	ON-LINE INFORMATION AND DATA BASE RETRIEVAL: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7523
		ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: None	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	ELECTRONIC DATA INTERCHANGE (EDI): Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7523
		ENHANCED/VALUE-ADDED FACSIMILE SERVICES: Market Access: None National Treatment: None	ENHANCED/VALUE-ADDED FACSIMILE SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	ENHANCED/VALUE-ADDED FACSIMILE SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7529
		CODE AND PROTOCOL CONVERSION: Market Access: None National Treatment: None	CODE AND PROTOCOL CONVERSION: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	CODE AND PROTOCOL CONVERSION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7523
		ON-LINE INFORMATION AND/OR DATA PROCESSING: Market Access: None National Treatment: None	ON-LINE INFORMATION AND/OR DATA PROCESSING: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	ON-LINE INFORMATION AND/OR DATA PROCESSING: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 843

Industry-specific limitations: Enhanced telecommunication services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Mexico	<p>Cross-Border Supply</p> <p>ELECTRONIC MAIL: Market Access:</p> <ul style="list-style-type: none"> • A permit is required to provide services using radio-electric space, establish private networks, and supply value-added services. • The central equipment and systems for providing special telecommunication services must be located in Mexico. <p>National Treatment: None</p>	<p>ELECTRONIC MAIL: Market Access: National Treatment: None</p>	<p>ELECTRONIC MAIL : Market Access:</p> <ul style="list-style-type: none"> • Foreign investment is limited to 49 percent. • A permit is required to provide services using radio-electric space, establish private networks, supply value-added services, and for cross-border connections. • There is an exclusive provider of computerized airline reservation services. • Thirty percent of excess capacity of private circuits may be rented or sold. • Long-distance services for third users are prohibited. <p>National Treatment: None</p>	<p>ELECTRONIC MAIL: Market Access:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. <p>National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • No CPC specified
	<p>VOICE MAIL: Market Access:</p> <ul style="list-style-type: none"> • A permit is required to provide services using radio-electric space, establish private networks, and supply value-added services. • The central equipment and systems for providing special telecommunication services must be located in Mexico. <p>National Treatment: None</p>	<p>VOICE MAIL: Market Access: National Treatment: None</p>	<p>VOICE MAIL: Market Access:</p> <ul style="list-style-type: none"> • Foreign investment is limited to 49 percent. • A permit is required to provide services using radio-electric space, establish private networks, supply value-added services, and for cross-border connections. • There is an exclusive provider of computerized airline reservation services. • Thirty percent of excess capacity of private circuits may be rented or sold. • Long-distance services for third users are prohibited. <p>National Treatment: None</p>	<p>VOICE MAIL: Market Access:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. <p>National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • No CPC specified

Industry-specific limitations: Enhanced telecommunication services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Mexico (continued)	<p>Cross-Border Supply</p> <p>ON-LINE INFORMATION AND DATABASE RETRIEVAL:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • A permit is required to provide services using radio-electric space, establish private networks, and supply value-added services. • The central equipment and systems for providing special telecommunication services must be located in Mexico. <p>National Treatment: None</p>	<p>ON-LINE INFORMATION AND DATABASE RETRIEVAL:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>ON-LINE INFORMATION AND DATABASE RETRIEVAL:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Foreign investment is limited to 49 percent. • A permit is required to provide services using radio-electric space, establish private networks, supply value-added services, and for cross-border connections. • There is an exclusive provider of computerized airline reservation services. • Thirty percent of excess capacity of private circuits may be rented or sold. • Long-distance services for third users are prohibited. <p>National Treatment: None</p>	<p>ON-LINE INFORMATION AND DATABASE RETRIEVAL:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> • No CPC specified
	<p>ELECTRONIC DATA INTERCHANGE (EDI):</p> <p>Market Access:</p> <ul style="list-style-type: none"> • A permit is required to provide services using radio-electric space, establish private networks and supply value-added services. • The central equipment and systems for providing special telecommunication services must be located in Mexico. <p>National Treatment: None</p>	<p>ELECTRONIC DATA INTERCHANGE (EDI):</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>ELECTRONIC DATA INTERCHANGE (EDI):</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Foreign investment is limited to 49 percent. • A permit is required to provide services using radio-electric space, establish private networks, supply value-added services, and for cross-border connections. • There is an exclusive provider of computerized airline reservation services. • Thirty percent of excess capacity of private circuits may be rented or sold. • Long-distance services for third users are prohibited. <p>National Treatment: None</p>	<p>ELECTRONIC DATA INTERCHANGE (EDI):</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> • No CPC specified

Industry-specific limitations: Enhanced telecommunication services

Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Mexico (continued)	<p>Cross-Border Supply</p> <p>ENHANCED/VALUED-ADDED FACSIMILE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • A permit is required to provide services using radio-electric space, establish private networks and supply value-added services. • The central equipment and systems for providing special telecommunication services must be located in Mexico. <p>National Treatment: None</p>	<p>ENHANCED/VALUED-ADDED FACSIMILE SERVICES:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>ENHANCED/VALUED-ADDED FACSIMILE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Foreign investment is limited to 49 percent. • A permit is required to provide services using radio-electric space, establish private networks, supply value-added services, and for cross-border connections. • There is an exclusive provider of computerized airline reservation services. • Thirty percent of excess capacity of private circuits may be rented or sold. • Long-distance services for third users are prohibited. <p>National Treatment: None</p>	<p>ENHANCED/VALUED-ADDED FACSIMILE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> • No CPC specified
	<p>CODE AND PROTOCOL CONVERSION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • A permit is required to provide services using radio-electric space, establish private networks and supply value-added services. • The central equipment and systems for providing special telecommunication services must be located in Mexico. <p>National Treatment: None</p>	<p>CODE AND PROTOCOL CONVERSION:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>CODE AND PROTOCOL CONVERSION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • A permit is required to provide services using radio-electric space, establish private networks, supply value-added services, and for cross-border connections. • There is an exclusive provider of computerized airline reservation services. • Thirty percent of excess capacity of private circuits may be rented or sold. • Long-distance services for third users are prohibited. <p>National Treatment: None</p>	<p>CODE AND PROTOCOL CONVERSION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> • No CPC specified

Industry-specific limitations: Enhanced telecommunication services

Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Mexico (continued)	<p>Cross-Border Supply</p> <p>ON-LINE INFORMATION AND/OR DATA PROCESSING:</p> <p>Market Access:</p> <ul style="list-style-type: none"> A permit is required to provide services using radio-electric space, establish private networks, and supply value-added services. The central equipment and systems for providing special telecommunication services must be located in Mexico. <p>National Treatment: None</p>	<p>ON-LINE INFORMATION AND/OR DATA PROCESSING:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>ON-LINE INFORMATION AND/OR DATA PROCESSING:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Foreign investment is limited to 49 percent. A permit is required to provide services using radio-electric space, establish private networks, supply value-added services, and for cross-border connections. There is an exclusive provider of computerized airline reservation services. Thirty percent of excess capacity of private circuits may be rented or sold. Long-distance services for third users are prohibited. <p>National Treatment: None</p>	<p>ON-LINE INFORMATION AND/OR DATA PROCESSING:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> No CPC specified

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect enhanced telecommunication services, see cross-industry commitments in appendix H.

² Central product classification system. A comprehensive list of the product classifications can be found in appendix G.

³ The service specified is only part of the total services included in this CPC.

⁴ Additional commitments are listed under the relevant EU member states' individual commitments.

⁵ This subsector is not included in the list of enhanced telecommunication services identified in the EU schedule. Commitments reflected for this service area have been confirmed by an EU Commission representative in the DG-XII group.

⁶ Complementary telecommunication infrastructures include all public telecommunication infrastructures that are not part of the basic telecommunication network.

⁷ Japan categorizes voice mail services as a kind of telephone service rather than electronic data and transmission services. Therefore, it has used a different CPC number than other countries on this table. Japan's Ministry of Foreign Affairs, facsimile received in response to telephone inquiry by USITC staff, Mar. 17, 1995.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), April 1994, GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994-May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX M

**COMMITMENTS ON
COURIER SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Courier services¹

Mode of Supply					
Country	Cross-Border Supply	Consumption/Abroad	Commercial Presence	Presence of Natural Persons	Comments
Canada	Market Access: None National Treatment: None	Market Access: None National Treatment: None	Market Access: • Nova Scotia and Manitoba: Economic needs test is required. ² National Treatment: None	Market Access: • Unbound except as specified in the cross-industry commitments. National Treatment: • Unbound except as specified in the cross-industry commitments.	<ul style="list-style-type: none"> • CPC 75121⁴ • Canada defines courier services as commercial courier services, including by public transport or self-owned transport. • The European Union did not offer commitments on Courier services.
European Union ⁵ (EU)	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	
Austria	Market Access: None National Treatment: None	Market Access: None National Treatment: None	Market Access: None National Treatment: None	Market Access: • Unbound except as specified in the cross-industry commitments. National Treatment: • Unbound except as specified in the cross-industry commitments.	<ul style="list-style-type: none"> • CPC 7512 • Applies to special delivery services only.
Belgium	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Denmark	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Finland	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
France	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Germany	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Greece	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Ireland	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Italy	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Courier services

Mode of Supply					
Country	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
<i>Luxembourg</i>	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
<i>Netherlands</i>	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
<i>Portugal</i>	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
<i>Spain</i>	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
<i>Sweden</i>	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
<i>United Kingdom</i>	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
<i>Japan</i>	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	• Japan did not offer commitments on Courier services.
<i>Mexico</i>	Market Access: Unbound National Treatment: Unbound	Market Access: None National Treatment: None	Market Access: • Foreign investment is limited to 49 percent. • Specified means of transport must be fulfilled. National Treatment: None	Market Access: • Unbound except as specified in the cross-industry commitments. National Treatment: • Unbound except as specified in the cross-industry commitments.	• CPC 7512

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect courier services, see cross-industry commitments in appendix H.

² Criteria related to approval include: examination of the adequacy of current levels of service; market conditions establishing the requirement for expanded service; the effect of new entrants on public convenience, including the continuity and quality of service, and the fitness, willingness and ability of the applicant to provide proper service.

³ Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

⁴ The service specified is only a part of the total services included in this CPC.

⁵ Additional commitments are listed under the relevant EU member states' individual commitments.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), April 1994; GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994-May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX N

**COMMITMENTS ON
AUDIOVISUAL SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Audiovisual services

Country	Mode of Supply				Comments
	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	
<i>Italy</i>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>Luxembourg</i>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>Netherlands</i>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>Portugal</i>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>Spain</i>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>Sweden</i>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>United Kingdom</i>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL AUDIOVISUAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>Japan</i>	<p>PRODUCTION AND DISTRIBUTION SERVICES: Market Access: None National Treatment: None</p>	<p>PRODUCTION AND DISTRIBUTION SERVICES: Market Access: None National Treatment: None</p>	<p>PRODUCTION AND DISTRIBUTION SERVICES: Market Access: None National Treatment: None cross-industry commitments.</p>	<p>PRODUCTION AND DISTRIBUTION SERVICES: Market Access: • Unbound except as indicated in cross-industry commitments. National Treatment: • Unbound except as indicated in cross-industry commitments.</p>	<p>• CPC 9611</p>

Industry-specific limitations: Audiovisual services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Japan (continued)	Cross-Border Supply				
	BROADCASTING AND PROJECTION SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	BROADCASTING AND PROJECTION SERVICES: Market Access: None National Treatment: None	BROADCASTING AND PROJECTION SERVICES: Market Access: None National Treatment: • None except as indicated in cross-industry commitments.	BROADCASTING AND PROJECTION SERVICES: Market Access: • Unbound except as indicated in cross-industry commitments. National Treatment: • Unbound except as indicated in cross-industry commitments.	• CPC 9612 • Includes motion picture projection services.
	SOUND RECORDING SERVICES: Market Access: None National Treatment: None	SOUND RECORDING SERVICES: Market Access: None National Treatment: None	SOUND RECORDING SERVICES: Market Access: None National Treatment: • None except as indicated in cross-industry commitments.	SOUND RECORDING SERVICES: Market Access: • Unbound except as indicated in cross-industry commitments. National Treatment: • Unbound except as indicated in cross-industry commitments.	• No CPC specified
	RADIO AND TELEVISION SERVICES: Market Access: Unbound National Treatment: Unbound	RADIO AND TELEVISION SERVICES: Market Access: Unbound National Treatment: Unbound	RADIO AND TELEVISION SERVICES: Market Access: Unbound National Treatment: Unbound	RADIO AND TELEVISION SERVICES: Market Access: Unbound National Treatment: Unbound	• Japan did not offer commitments on Radio and Television Services. • Includes radio and television services and transmission services.
Mexico	PRODUCTION AND DISTRIBUTION SERVICES: Market Access: None National Treatment: None	PRODUCTION AND DISTRIBUTION SERVICES: Market Access: None National Treatment: None	PRODUCTION AND DISTRIBUTION SERVICES: Market Access: • Foreign investment allowed up to 49 percent of the registered capital of enterprises. Film screening requires a permit issued by the Ministry of the Interior. National Treatment: None	PRODUCTION AND DISTRIBUTION SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments. • The Actors' Union requires that a Mexican be hired for every foreigner hired for a given activity in the production of cinematographic films.	• CPC 96112, 96121 • Includes private production of cinematographic films and private film screening services.

Industry-specific limitations: Audiovisual services

Mode of Supply					
Country	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Mexico (continued)	BROADCASTING AND PROJECTION SERVICES: Market Access: None National Treatment: None	BROADCASTING AND PROJECTION SERVICES: Market Access: None National Treatment: None	BROADCASTING AND PROJECTION SERVICES: Market Access: • Foreign investment is limited to 49 percent. Film screening requires a permit issued by the Ministry of the Interior. Distributors of film produced outside Mexico must donate a copy of each imported film title to the National Film Library. National Treatment: • Thirty percent of screen time must be devoted to Mexican films. For each copy screened in Mexico, a copy must be processed in a Mexican laboratory.	BROADCASTING AND PROJECTION SERVICES: Market Access: • Unbound except as indicated in cross-industry commitments. National Treatment: • Unbound except as indicated in cross-industry commitments.	• Mexico did not offer commitments on Broadcasting and Projection Services.
	RADIO AND TELEVISION SERVICES: Market Access: Unbound National Treatment: Unbound	RADIO AND TELEVISION SERVICES: Market Access: Unbound National Treatment: Unbound	RADIO AND TELEVISION SERVICES: Market Access: Unbound National Treatment: Unbound	RADIO AND TELEVISION SERVICES: Market Access: Unbound National Treatment: Unbound	• Mexico did not offer commitments on Radio and Television Services. • Includes radio and television services and transmission services.
	SOUND RECORDING SERVICES: Market Access: Unbound National Treatment: Unbound	SOUND RECORDING SERVICES: Market Access: Unbound National Treatment: Unbound	SOUND RECORDING SERVICES: Market Access: Unbound National Treatment: Unbound	SOUND RECORDING SERVICES: Market Access: Unbound National Treatment: Unbound	• Mexico did not offer commitments on Sound Recording Services.

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect audiovisual services, see cross-industry commitments in appendix H.

² Additional commitments are listed under the relevant EU members states' individual commitments.

³ Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), April 1994; GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994-May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX O

**COMMITMENTS ON
HEALTH CARE SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Health care services

Mode of Supply					
Country	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
<i>Austria (continued)</i>	<p>VETERINARY SERVICES: Market Access: <ul style="list-style-type: none"> Unbound due to lack of technical feasibility. National Treatment: <ul style="list-style-type: none"> Unbound due to lack of technical feasibility. </p> <p>HOSPITAL SERVICES: Market Access: <ul style="list-style-type: none"> Unbound due to lack of technical feasibility. National Treatment: <ul style="list-style-type: none"> Unbound due to lack of technical feasibility. </p> <p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: <ul style="list-style-type: none"> Unbound due to lack of technical feasibility. National Treatment: <ul style="list-style-type: none"> Unbound due to lack of technical feasibility. </p>	<p>VETERINARY SERVICES: Market Access: <ul style="list-style-type: none"> Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> Conforms with EU commitments. </p> <p>HOSPITAL SERVICES: Market Access: <ul style="list-style-type: none"> Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> Conforms with EU commitments. </p> <p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: <ul style="list-style-type: none"> Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> Conforms with EU commitments. </p>	<p>VETERINARY SERVICES: Market Access: <ul style="list-style-type: none"> Unbound National Treatment: <ul style="list-style-type: none"> Unbound </p> <p>HOSPITAL SERVICES: Market Access: <ul style="list-style-type: none"> Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> Conforms with EU commitments. </p> <p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: <ul style="list-style-type: none"> Unbound other than: Limitations indicated in the cross-industry commitments. Natural persons may establish a professional practice provided that the person concerned has practiced the profession in question at least 3 years preceding the establishment of the professional practice in Austria. National Treatment: <ul style="list-style-type: none"> Unbound other than: Limitations indicated in the cross-industry commitments. Natural persons may establish a professional practice provided that the person concerned has practiced the profession in question at least 3 years preceding the establishment of the professional practice in Austria. </p>	<p>VETERINARY SERVICES: Market Access: <ul style="list-style-type: none"> Unbound National Treatment: <ul style="list-style-type: none"> Unbound </p> <p>HOSPITAL SERVICES: Market Access: <ul style="list-style-type: none"> Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> Conforms with EU commitments. </p> <p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: <ul style="list-style-type: none"> Unbound other than: Limitations indicated in the cross-industry commitments. Natural persons may establish a professional practice provided that the person concerned has practiced the profession in question at least 3 years preceding the establishment of the professional practice in Austria. National Treatment: <ul style="list-style-type: none"> Unbound other than: Limitations indicated in the cross-industry commitments. Natural persons may establish a professional practice provided that the person concerned has practiced the profession in question at least 3 years preceding the establishment of the professional practice in Austria. </p>	<ul style="list-style-type: none"> CPC 93191⁴ Includes services provided by midwives, nurses, physiotherapists, occupational therapists, logotherapists, and dieticians and nutritionists.
	<p>MEDICAL SPECIALITY SERVICES: Market Access: <ul style="list-style-type: none"> Unbound due to lack of technical feasibility. National Treatment: <ul style="list-style-type: none"> Unbound due to lack of technical feasibility. </p>	<p>MEDICAL SPECIALITY SERVICES: Market Access: <ul style="list-style-type: none"> Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> Conforms with EU commitments. </p>	<p>MEDICAL SPECIALITY SERVICES: Market Access: <ul style="list-style-type: none"> Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> Conforms with EU commitments. </p>	<p>MEDICAL SPECIALITY SERVICES: Market Access: <ul style="list-style-type: none"> Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> Conforms with EU commitments. </p>	<ul style="list-style-type: none"> CPC 93193⁴ Includes psychologists, psychotherapists, and other human health services provided through residential health facilities like health resort hotels and health and therapeutic bath services.

Industry-specific limitations: Health care services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Belgium	<p>Cross-Border Supply</p> <p>HOSPITAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HOSPITAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HOSPITAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • The establishment of new hospital facilities is limited on the basis of community need.⁷ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HOSPITAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access:</p> <ul style="list-style-type: none"> • Access to provide pharmaceutical services is restricted to natural persons. • Pharmacists have a monopoly on the supply of pharmaceutical goods. • Economic needs test required for pharmaceutical services. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
Denmark	<p>ALL OTHER HEALTH CARE SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>MEDICAL AND DENTAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Limited authorization to fulfill a specific function can be given for a maximum of 18 months. <p>National Treatment:</p> <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Residency required to obtain necessary individual authorization from the National Board of Health. 	
	<p>VETERINARY SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>VETERINARY SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Restricted to natural persons. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>VETERINARY SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Restricted to natural persons. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>VETERINARY SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Health care services

Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Denmark (continued)	Cross-Border Supply	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Access to provide pharmaceutical services is restricted to natural persons. • Pharmacists have a monopoly on the supply of pharmaceutical goods. • Economic needs test required for pharmaceutical services. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Limited authorization to fulfill a specific function can be given for a maximum of 18 months. • Pharmacists are subject to conditions of nationality. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Residency required to obtain necessary individual authorization from the National Board of Health.	
	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Finland	MEDICAL AND DENTAL SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL AND DENTAL SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL AND DENTAL SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL AND DENTAL SERVICES: Market Access: Unbound National Treatment: Unbound	• Finland did not offer commitments on Medical and Dental Services.
	VETERINARY SERVICES: Market Access: None National Treatment: None	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: None National Treatment: • Conforms with EU commitments.	
	HOSPITAL SERVICES: Market Access: Unbound National Treatment: Unbound	HOSPITAL SERVICES: Market Access: Unbound National Treatment: Unbound	HOSPITAL SERVICES: Market Access: Unbound National Treatment: Unbound	HOSPITAL SERVICES: Market Access: Unbound National Treatment: Unbound	• Finland did not offer commitments on Hospital Services.
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: None National Treatment: None	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: None National Treatment: • Conforms with EU commitments.	• CPC 93191 ⁸⁹ • Includes services provided by nurses.
	MEDICAL SPECIALITY SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL SPECIALITY SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL SPECIALITY SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL SPECIALITY SERVICES: Market Access: Unbound National Treatment: Unbound	• Finland did not offer commitments on Medical Speciality Services.

Industry-specific limitations: Health care services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
France	Cross-Border Supply MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Provision through a SEL or SCP only. ¹⁰ National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. However, access is possible within annually established quotas. National Treatment: • Conforms with EU commitments.	
	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Provision through a SEL or SCP only. ¹⁰ National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. National Treatment: • Conforms with EU commitments.	
	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • The number of beds authorized and heavy medical equipment ¹¹ is limited by a health services plan established on the basis of need. ¹² National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Access to management functions is subject to prior authorization. ¹³ National Treatment: • Conforms with EU commitments.	
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Access to provide nursing, physical therapy, paramedical, and pharmaceutical ¹⁴ services is restricted to a SEL or SCP only. ¹⁰ • Access to provide pharmaceutical services is restricted to natural persons. • Pharmacists have a monopoly on the supply of pharmaceutical goods. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Pharmacists must be natural persons and are subject to an economic needs test. • Pharmacists have a monopoly on the supply of pharmaceutical goods. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Health care services

Mode of Supply					Comments
Country	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	
France (continued)	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	
Germany	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Access is restricted to natural persons. • Economic needs test for medical doctors and dentists who are authorized to treat members of public insurance schemes.¹⁵ National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Condition of nationality for doctors and dentists can be waived in cases of public health interest. • A zero quota for midwives. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Access is restricted to natural persons. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Access to provide pharmaceutical services is restricted to natural persons. • Establishment of new pharmacies is restricted to take-over of existing pharmacy-stores. • Pharmacists have a monopoly on the supply of pharmaceutical goods. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> Market Access: <ul style="list-style-type: none"> • Conforms with EU commitments. National Treatment: <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Health care services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Greece	Cross-Border Supply MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. National Treatment: • Conforms with EU commitments.	
	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. National Treatment: • Conforms with EU commitments.	
	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • The number of beds authorized and heavy medical equipment ¹¹ is limited by a health services plan established on the basis of need. ¹² National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality for public hospitals. National Treatment: • Conforms with EU commitments.	
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Access to provide pharmaceutical services is restricted to natural persons. • Pharmacists have a monopoly on the supply of pharmaceutical goods. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. National Treatment: • Conforms with EU commitments.	
	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Health care services

Mode of Supply		Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Country	Cross-Border Supply				
Ireland	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Access is limited to partnerships or natural persons. • National Treatment: Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	
	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <ul style="list-style-type: none"> • Market Access: Economic needs test required for pharmaceutical services. • National Treatment: Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	
	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Access is limited to partnerships or natural persons. • National Treatment: Conforms with EU commitments. 	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	
	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	
Italy	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Access is restricted to natural persons. • Professional association (no incorporation) among natural persons is permitted. • National Treatment: Conforms with EU commitments. 	<p>MEDICAL AND DENTAL SERVICES:</p> <ul style="list-style-type: none"> • National Treatment: Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Access is subject to residency requirement. • National Treatment: Conforms with EU commitments. 	
	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Conforms with EU commitments. 	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Access is restricted to natural persons. • Professional associations (no incorporation) among natural persons permitted. • National Treatment: Conforms with EU commitments. 	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. 	<p>VETERINARY SERVICES:</p> <ul style="list-style-type: none"> • Market Access: Conforms with EU commitments. • National Treatment: Subject to residency requirement. 	

Industry-specific limitations: Health care services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Italy (continued)	Cross-Border Supply HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • The number of beds authorized and heavy medical equipment ¹¹ is limited by a health services plan established on the basis of need. ¹² • Private health and sanitary services need authorization by local health authorities. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Access to provide nursing and pharmaceutical services is restricted to natural persons. • Professional association (no incorporation) among nurses is permitted. • Establishment of pharmacies is subject to an economic needs test. • Pharmacists have a monopoly on the supply of pharmaceutical goods. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Access to provide nursing and pharmaceutical services is restricted to natural persons. • Professional association (no incorporation) among nurses is permitted. • Establishment of pharmacies is subject to an economic needs test. • Pharmacists have a monopoly on the supply of pharmaceutical goods. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to an economic needs test. • Pharmacists must meet residency requirements. National Treatment: • Conforms with EU commitments.	
	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Luxembourg	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • The number of beds authorized and heavy medical equipment ¹¹ is limited by a health services plan established on the basis of need. ¹² • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • The number of beds authorized and heavy medical equipment ¹¹ is limited by a health services plan established on the basis of need. ¹² • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Health care services

Mode of Supply					
Country	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Luxembourg (continued)	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Access to provide pharmaceutical services is restricted to natural persons. • Pharmacists have a monopoly on the supply of pharmaceutical goods. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL OTHER HEALTH CARE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
Netherlands	<p>HOSPITAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HOSPITAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HOSPITAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • The number of beds authorized is limited by a health plan established on the basis of a quantitative economic needs test.¹² <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>HOSPITAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Access to provide pharmaceutical services is restricted to natural persons. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL OTHER HEALTH CARE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER HEALTH CARE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Health care services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Portugal	Cross-Border Supply MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Access is restricted to natural persons. • Professional association (no incorporation) among natural persons permitted. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. National Treatment: • Conforms with EU commitments.	
	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Access is restricted to natural persons. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. National Treatment: • Conforms with EU commitments.	
	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Heavy medical equipment ¹¹ is limited by a health services plan established on the basis of need. ¹² National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Access to provide pharmaceutical and nursing services is restricted to natural persons. • Economic needs test required for pharmaceutical services. • Pharmacists have a monopoly on the supply of pharmaceutical goods. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access to provide nursing, physiotherapy, and paramedical services is subject to condition of nationality. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Pharmacists are subject to a residency requirement.	
ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.		

Industry-specific limitations: Health care services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Spain	Cross-Border Supply				
	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Access is restricted to natural persons. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Access restricted to natural persons. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Prior authorization is required by the "Comunidades Autonomas" based on an economic needs test. ¹² National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Access to provide pharmaceutical and nursing service is restricted to natural persons. • Pharmacists have a monopoly on the supply of pharmaceutical goods. • Establishment of a pharmacy is subject to an economic needs test. National Treatment: • Conforms with EU commitments.	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.		

Industry-specific limitations: Health care services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Sweden	Cross-Border Supply MEDICAL AND DENTAL SERVICES: Market Access: None National Treatment: None	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Needs test applied to decide the number of private practices to be subsidized through the social security system. National Treatment: • Foreign exams giving equivalent competence are recognized after compulsory complementary training.	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Foreign exams showing equivalent competence are recognized after compulsory complementary training.	• CPC 9312 ¹⁶ • Includes doctors and dentists.
	VETERINARY SERVICES: Market Access: None National Treatment: None	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Needs test applied to decide the number of private practices to be subsidized through the social security system. National Treatment: • Foreign exams giving equivalent competence are recognized after compulsory complementary training.	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Foreign exams showing equivalent competence are recognized after compulsory complementary training and examinations.	
	HOSPITAL SERVICES: Market Access: Unbound National Treatment: Unbound SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: None National Treatment: None	HOSPITAL SERVICES: Market Access: Unbound National Treatment: Unbound SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	HOSPITAL SERVICES: Market Access: Unbound National Treatment: Unbound SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Needs test applied to decide the number of private practices to be subsidized through the social security system. National Treatment: • Foreign exams giving equivalent competence are recognized after compulsory complementary training.	HOSPITAL SERVICES: Market Access: Unbound National Treatment: Unbound SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: • Conforms with EU commitments. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Foreign exams showing equivalent competence are recognized after compulsory complementary training.	• Sweden did not offer commitments on Hospital Services. • CPC 9319 ¹¹ • Includes other health personnel.
	MEDICAL SPECIALTY SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL SPECIALTY SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL SPECIALTY SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL SPECIALTY SERVICES: Market Access: Unbound National Treatment: Unbound	• Sweden did not offer commitments on Medical Speciality Services.

Industry-specific limitations: Health care services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
United Kingdom	Cross-Border Supply				
	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Establishment for doctors under the National Health Service is subject to medical manpower planning. National Treatment: • Conforms with EU commitments.	MEDICAL AND DENTAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Access is limited to partnerships or natural persons. National Treatment: • Conforms with EU commitments.	VETERINARY SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER HEALTH CARE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	MEDICAL AND DENTAL SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL AND DENTAL SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL AND DENTAL SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL AND DENTAL SERVICES: Market Access: Unbound National Treatment: Unbound	• Japan did not offer commitments on Medical and Dental Services.
	VETERINARY SERVICES: Market Access: Unbound National Treatment: Unbound	VETERINARY SERVICES: Market Access: Unbound National Treatment: Unbound	VETERINARY SERVICES: Market Access: Unbound National Treatment: Unbound	VETERINARY SERVICES: Market Access: Unbound National Treatment: Unbound	• Japan did not offer commitments on Veterinary Services.
Japan	HOSPITAL SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	HOSPITAL SERVICES: Market Access: None National Treatment: None	HOSPITAL SERVICES: Market Access: • There is no cap on foreign capital investment. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • There is no cap on foreign capital investment.	HOSPITAL SERVICES: Market Access: Unbound National Treatment: Unbound	• CPC 9311
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound National Treatment: Unbound	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound National Treatment: Unbound	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound National Treatment: Unbound	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound National Treatment: Unbound	• Japan did not offer commitments on Services Provided by Medical Professionals Other Than Doctors.
	MEDICAL SPECIALTY SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL SPECIALTY SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL SPECIALTY SERVICES: Market Access: Unbound National Treatment: Unbound	MEDICAL SPECIALTY SERVICES: Market Access: Unbound National Treatment: Unbound	• Japan did not offer commitments on Medical Specialty Services.

Industry-specific limitations: Health care services

Mode of Supply		Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Country	Cross-Border Supply				
Mexico	MEDICAL AND DENTAL SERVICES: Market Access: None National Treatment: None	MEDICAL AND DENTAL SERVICES: Market Access: None National Treatment: None	MEDICAL AND DENTAL SERVICES: Market Access: • Foreign investment is limited to 49 percent. National Treatment: None	MEDICAL AND DENTAL SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 9312
	VETERINARY SERVICES: Market Access: Unbound National Treatment: Unbound	VETERINARY SERVICES: Market Access: Unbound National Treatment: Unbound	VETERINARY SERVICES: Market Access: Unbound National Treatment: Unbound	VETERINARY SERVICES: Market Access: Unbound National Treatment: Unbound	• Mexico did not offer commitments on Veterinary Services.
	HOSPITAL SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	HOSPITAL SERVICES: Market Access: None National Treatment: None	HOSPITAL SERVICES: Market Access: • Foreign investment is limited to 49 percent. National Treatment: None	HOSPITAL SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 9311 • Includes private hospital services.
	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound National Treatment: Unbound	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound National Treatment: Unbound	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound National Treatment: Unbound	SERVICES PROVIDED BY MEDICAL PROFESSIONALS OTHER THAN DOCTORS: Market Access: Unbound National Treatment: Unbound	• Mexico did not offer commitments on Services Provided by Medical Professionals Other Than Doctors.

Industry-specific limitations: Health care services

Country	Mode of Supply			Comments
	Cross-Border Supply	Consumption Abroad	Commercial Presence	
Mexico (continued)	<p>MEDICAL SPECIALTY SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>MEDICAL SPECIALTY SERVICES: Market Access: None National Treatment: None</p>	<p>MEDICAL SPECIALTY SERVICES: Market Access: • Foreign investment is limited to 49 percent. National Treatment: None</p>	<p>Presence of Natural Persons MEDICAL SPECIALTY SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect health care services, see cross-industry commitments in appendix H.

² Additional commitments are listed under the relevant EU member states' individual commitments.

³ Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

⁴ The service specified is only a part of the total services included in this CPC.

⁵ Services covered in Austria's commitments differ from the European Union. These differences reflect the classifications listed in the country-specific schedules before Austria joined the European Union.

⁶ Needs criteria include density of population, existing facilities, traffic infrastructure, topographical conditions, and the distance between hospitals. It is illegal to build a hospital without authorization from the ministry of Health. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

⁷ Needs criteria are fixed, arithmetical rules or formulae designed to calculate the needs in function of the population, age scale, death rate, and geographical spread. It is illegal to build a hospital from the ministry of Health. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

⁸ Specified services constitute only a part of the total services included in this CPC.

⁹ Services covered in Finland's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Finland entered the European Union.

¹⁰ SEL stands for Société d'Exercice Libéral, which is a company with the legal right to practice publicly. SCP stands for Société Civile Professionnelle, which refers to a partnership with a legal personality. Previously, doctors could only practice as a self-employed individual. The new arrangement allows association, but prevents a professional from circumventing liability. EU Commission official, interview by USITC staff, Brussels, July 19, 1995.

¹¹ Heavy medical equipment refers to high-tech machines, such as MRIs, that might pose a risk to the patient. Only certain hospitals are allowed to have such equipment. A variety of criteria apply. EU Commission official, interview by USITC staff, Brussels, July 19, 1995; and industry analyst, interview by USITC staff, Paris, July 21, 1995.

¹² It is illegal to build a hospital without authorization from the Ministry of Health. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

¹³ In granting the authorization, conditions such as professional experience, skills, availability of local managers, and degree of specialization are taken into consideration.

¹⁴ Pharmacies are authorized according to the needs of the population and within established quotas.

¹⁵ The criteria include the existence of a shortage of doctors and dentists in the given region. It is illegal to build a hospital or doctor's office without authorization from the ministry of Health. EU Commission officials, interview by USITC staff, Brussels, July 19, 1995.

¹⁶ Services covered in Sweden's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Sweden entered the European Union.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), Apr. 1994; GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994-May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX P

**COMMITMENTS ON
ACCOUNTING SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Accounting services¹

Country	Modes of Supply			Commercial Presence	Presence of Natural Persons	Comments
	Cross-Border Supply	Consumption Abroad	Market Access			
Canada	<p>Market Access: None</p> <p>National Treatment:</p> <ul style="list-style-type: none"> Manitoba: Licensed Public Accountants must meet a residency requirement to be accredited. 	<p>Market Access: None</p> <p>National Treatment: None</p>	<p>Market Access:</p> <ul style="list-style-type: none"> Commercial presence must take the form of a sole proprietorship or partnership. <p>National Treatment: None</p>	<p>Market Access:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound other than: <ul style="list-style-type: none"> Limitations indicated in the cross-industry commitments. Manitoba: Licensed Public Accountants must meet a residency requirement to be accredited. 	<ul style="list-style-type: none"> CPC' 862 	
European Union (EU) ²	<p>Market Access: None</p> <p>National Treatment: None</p>	<p>Market Access: None</p> <p>National Treatment: None</p>	<p>Market Access: None</p> <p>National Treatment: None</p>	<p>Market Access:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> CPC 86212 	
Austria	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> No representation before competent authorities.⁴ No audits provided for in specific Austrian laws (e.g. joint stock companies law, stock exchange law, banking law, etc.).⁵ 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Foreign accountants', auditors', and tax advisors' equity participation and share in any Austrian legal entity may not exceed 25 percent. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Unbound other than: <ul style="list-style-type: none"> Limitations indicated in the cross-industry commitments. Natural persons are required to have a commercial presence in Austria.⁷ <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. 		
Belgium	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 		
Denmark	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National market:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Foreign accountants may enter into partnerships with Danish authorized accountants after obtaining permission from the Danish Commerce and Companies Agency. 	<p>Market Access:</p> <ul style="list-style-type: none"> Unbound other than: <ul style="list-style-type: none"> Access is subject to citizenship unless otherwise provided by the Danish Commerce and Companies Agency. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound other than: <ul style="list-style-type: none"> Access is subject to a residency requirement. 		
Finland	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 		

Industry-specific limitations: Accounting services

Mode of Supply		Consumption: Abroad		Commercial Presence		Presence of Natural Persons		Comments	
Country	Cross-Border Supply	Market Access:	National Treatment:	Market Access:	National Treatment:	Market Access:	National Treatment:	Market Access:	National Treatment:
<i>France</i>	Market Access: Unbound National Treatment: Unbound	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Provision allowed through a SEL or SCP. National Treatment: • Conforms with EU commitments.	Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. ⁹ • The Minister of Economics, Finance, and Budget in agreement with the Minister of Foreign Affairs may allow non-EU professionals to provide services. • Residency requirement cannot exceed 5 years. National Treatment: • Conforms with EU commitments.	Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • A university degree, professional qualifications, and 3 years professional experience in the sector are required. • Unbound for actives reserved by law to the "Wirtschaftspruefer". ¹¹ National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.
<i>Germany</i>	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Provision through a "GmbH & CoKG" and "EWIV" is prohibited. ¹⁰ National Treatment: • Conforms with EU commitments.	Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. ⁹ • The Minister of Economics, Finance, and Budget in agreement with the Minister of Foreign Affairs may allow non-EU professionals to provide services. • Residency requirement cannot exceed 5 years. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.
<i>Greece</i>	Market Access: Unbound National Treatment: Unbound	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Access is restricted to natural persons. • Professional association (no incorporation) among natural persons permitted. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.
<i>Ireland</i>	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.
<i>Italy</i>	Market Access: Unbound National Treatment: Unbound	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Access is restricted to natural persons. • Professional association (no incorporation) among natural persons permitted. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.

Industry-specific limitations: Accounting services

Country	Mode of Supply				Comments
	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	
<i>Luxembourg</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Netherlands</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • A university degree, professional qualifications, and 3 years professional experience in the sector are required. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Portugal</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Provision through a professional establishment only.¹² <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Spain</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Sweden</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • A university degree, professional qualifications, and 3 years professional experience in the sector are required. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>United Kingdom</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • A university degree, professional qualifications, and 3 years professional experience in the sector are required. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Japan¹³</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Services must be supplied by a natural person or by an Audit Corporation.¹⁴ • Commercial presence is required for an Audit Corporation. <p>National Treatment: None</p>	<p>Market Access:</p> <ul style="list-style-type: none"> • Services must be supplied by a natural person or by an Audit Corporation. • Commercial presence is required for an Audit Corporation. <p>National Treatment: None</p>	<p>Market Access:</p> <ul style="list-style-type: none"> • Services must be supplied by a natural person or by an Audit Corporation. • None except as indicated in the cross-industry commitments. <p>National Treatment: None</p>	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. • Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> • CPC 862

Industry-specific limitations: Accounting services

Country	Mode of Supply			Comments
	Cross-Border Supply	Consumption Abroad	Commercial Presence	
Mexico	<p>Market Access: None National Treatment: None</p>	<p>Market Access: None National Treatment: None</p>	<p>Market Access: • Foreign investment is limited to 49 percent. National Treatment: • Foreign accounting and auditing enterprises must use the name of the Mexican partners.</p>	<p>Presence of Natural Persons Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p> <p>Comments • CPC 862</p>

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect accounting services, see cross-industry commitments in appendix H.

² Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

³ Additional commitments are listed under the relevant EU member states' individual commitments.

⁴ Accountants in Austria often represent companies in courts. Foreign accounting firms are not allowed to represent companies in court. Austrian official, interview by USITC staff, Geneva, July 24, 1995.

⁵ This refers to certain national entities in Austria that should not be audited by foreign firms. Austrian official, interview by USITC staff, Geneva, July 24, 1995.

⁶ Foreign accountants, auditors, and tax advisors must be authorized according to the law of their home country. This applies only to non-members of the Austrian professional body.

⁷ However, at the request of a consumer, accountants, auditors, and tax advisors may temporarily move into Austria to supply a specific service.

⁸ SEL is the Société d'Exercice Libéral; SCP is the Société Civile Professionnelle. Both are forms of legal partnership that hold a company and its owners liable for the viability of the company. EU Commission officials, interviews by USITC staff, Brussels, July 18, 1995.

⁹ Nationality conditions apply to all EU nationals. EU Commission officials, interviews by USITC staff, Brussels, July 18-19, 1995.

¹⁰ GmbH & CoKG is the Kommanditgesellschaft, bei der persönlich haftende Gesellschafter eine GmbH (a stock company with limited responsibility). This form of a commercial establishment gives the partnership a limited liability, and does not apply to U.S. public corporations because they are not limited liability establishments. EWIV is the Europäische Wirtschaftliche Interessenvereinigung (European Economic Interest Grouping). EU Commission officials, interviews by USITC staff, Brussels, July 18-19, 1995.

¹¹ A Wirtschaftspuefer is the German equivalent of U.S. Certified Public Accountant.

¹² This allows foreign professionals to group with other established Portuguese professionals, but prohibits the establishment of foreign subsidiaries. This regulation is designed to protect the consumer on questions of company liability. EU Commission officials, interviews by USITC staff, Brussels, July 18-19, 1995.

¹³ All forms of accounting services apply to accountants qualified as "Koninkaikeishi" under Japanese law.

¹⁴ An Audit Corporation under Japanese law is composed of five or more partners who are accountants qualified as "Koninkaikeishi" and have the right and obligation to execute activities of the Audit Corporation.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), April 1994; GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21, domestic fieldwork, Dec. 1994-May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX Q

**COMMITMENTS ON
ARCHITECTURAL, ENGINEERING,
AND CONSTRUCTION SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Architectural, engineering, and construction (AEC) services¹

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Canada	<p>Cross-Border Supply</p> <p>ARCHITECTURAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Citizenship required for accreditation of architects in Quebec. <p>National Treatment:</p> <ul style="list-style-type: none"> • Residency required for accreditation of architects in Nova Scotia, New Brunswick, and Newfoundland. • Residency required for accreditation of landscape architects in Newfoundland. 	<p>ARCHITECTURAL SERVICES: Market Access: None National Treatment: None</p>	<p>ARCHITECTURAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Commercial presence must take the form of a sole proprietorship or partnership for architects. <p>National Treatment:</p> <ul style="list-style-type: none"> • Non-resident firms are required to maintain a higher percentage of practitioners in a partnership for architects on Prince Edward Island. 	<p>ARCHITECTURAL SERVICES: Market Access: Unbound other than:</p> <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Citizenship required for accreditation of architects in Quebec. <p>National Treatment: Unbound other than:</p> <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Residency required for accreditation of architects in Nova Scotia, New Brunswick, and Newfoundland • Residency required for accreditation of landscape architects in Newfoundland. 	<ul style="list-style-type: none"> • CPC 876711, 86712, 86713, 86714, and 86719.
	<p>ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Commercial presence is required for accreditation of consulting engineers in Manitoba. • Permanent residency required for accreditation of engineers in British Columbia, Newfoundland, Alberta, Ontario, New Brunswick, and Nova Scotia. • Citizenship required for accreditation of engineers in Quebec. <p>National Treatment:</p> <ul style="list-style-type: none"> • Residency required for accreditation of engineers in Saskatchewan. 	<p>ENGINEERING SERVICES: Market Access: None National Treatment: None</p>	<p>ENGINEERING SERVICES: Market Access: Unbound other than:</p> <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Permanent residency required for accreditation of engineers in British Columbia, Newfoundland, Alberta, Ontario, New Brunswick, and Nova Scotia. • Citizenship required for accreditation of engineers in Quebec. <p>National Treatment: Unbound other than:</p> <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Residency required for accreditation of engineers in Saskatchewan. 	<ul style="list-style-type: none"> • CPC 86721, 86722, 86723, 86724, 86725, 86726, 86727, and 86729. 	

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply				Comments
	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	
Canada (continued)	<p>INTEGRATED ENGINEERING SERVICES:</p> <ul style="list-style-type: none"> Commercial presence is required for accreditation of consulting engineers in Manitoba. Permanent residency required for accreditation of engineers in British Columbia, Newfoundland, Alberta, Ontario, New Brunswick, and Nova Scotia. Citizenship required for accreditation of engineers in Quebec. <p>National Treatment: None</p>	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Unbound other than:</p> <ul style="list-style-type: none"> Limitations indicated in the cross-industry commitments. Permanent residency required for accreditation of engineers in British Columbia, Newfoundland, Alberta, Ontario, New Brunswick, and Nova Scotia. Citizenship required for accreditation of engineers in Quebec. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> CPC 86731, 86732, 86733, and 86739.
	<p>PRE-ERECTION WORK AT CONSTRUCTION SITES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Construction services performed from barges are unbound. <p>National Treatment: None</p>	<p>PRE-ERECTION WORK AT CONSTRUCTION SITES:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>PRE-ERECTION WORK AT CONSTRUCTION SITES:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>PRE-ERECTION WORK AT CONSTRUCTION SITES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> CPC 511³ Excludes CPC 5115, site preparation for mining.
	<p>GENERAL CONSTRUCTION WORK FOR BUILDINGS:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>GENERAL CONSTRUCTION WORK FOR BUILDINGS:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>GENERAL CONSTRUCTION WORK FOR BUILDINGS:</p> <p>Market Access: None</p> <p>National Treatment: None other than:</p> <ul style="list-style-type: none"> A non-resident who will be consuming or using tangible personal property in Ontario is required to deposit with the Treasurer 4 percent of the amount to be paid under the contract or post a guarantee bond for the same. In Newfoundland, a deposit of 6 percent of the contract amount or a bond equivalent is required from non-resident contractors. 	<p>GENERAL CONSTRUCTION WORK FOR BUILDINGS:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> CPC 512³

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Canada (continued)	<p>Cross-Border Supply</p> <p>GENERAL CONSTRUCTION WORKS FOR CIVIL ENGINEERING: Market Access: • Construction services performed from barges are unbound. National Treatment: None</p>	<p>GENERAL CONSTRUCTION WORKS FOR CIVIL ENGINEERING: Market Access: None National Treatment: None</p>	<p>GENERAL CONSTRUCTION WORKS FOR CIVIL ENGINEERING: Market Access: • An applicant and holder of a water power site development permit must be incorporated in Ontario. National Treatment: None</p>	<p>GENERAL CONSTRUCTION WORKS FOR CIVIL ENGINEERING: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • An applicant and holder of a water power site development permit must be a resident of Ontario.</p>	<ul style="list-style-type: none"> • CPC 513
	<p>ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: Market Access: None National Treatment: None</p>	<p>ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: Market Access: None National Treatment: None</p>	<p>ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<p>ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 514
	<p>SPECIAL TRADE CONSTRUCTION WORK: Market Access: • Construction services performed from barges are unbound. National Treatment: None</p>	<p>SPECIAL TRADE CONSTRUCTION WORK: Market Access: None National Treatment: None</p>	<p>SPECIAL TRADE CONSTRUCTION WORK: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<p>SPECIAL TRADE CONSTRUCTION WORK: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 515
	<p>INSTALLATION WORK: Market Access: None National Treatment: None</p>	<p>INSTALLATION WORK: Market Access: None National Treatment: None</p>	<p>INSTALLATION WORK: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<p>INSTALLATION WORK: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 516
	<p>BUILDING COMPLETION AND FINISHING WORK: Market Access: None National Treatment: None</p>	<p>BUILDING COMPLETION AND FINISHING WORK: Market Access: None National Treatment: None</p>	<p>BUILDING COMPLETION AND FINISHING WORK: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<p>BUILDING COMPLETION AND FINISHING WORK: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 517

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Canada (continued)	<p>Cross-Border Supply</p> <p>RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR:</p> <p>Market Access: None <ul style="list-style-type: none"> Construction services performed from barges are unbound. National Treatment: None</p>	<p>RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR:</p> <p>Market Access: None National Treatment: None</p>	<p>RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR:</p> <p>Market Access: None National Treatment: None</p>	<p>RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR:</p> <p>Market Access: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. National Treatment: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. </p>	<ul style="list-style-type: none"> CPC 518
European Union' (EU)	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access: None National Treatment: None</p> <p>ENGINEERING SERVICES:</p> <p>Market Access: None National Treatment: None</p> <p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access: None National Treatment: None</p> <p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access: <ul style="list-style-type: none"> Unbound due to lack of technical feasibility other than: None for site investigation work (5111) and excavating and earth moving work (5114). National Treatment: <ul style="list-style-type: none"> Unbound due to lack of technical feasibility other than: None for site investigation work (5111) and excavating and earth moving work (5114). </p>	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access: None National Treatment: None</p> <p>ENGINEERING SERVICES:</p> <p>Market Access: None National Treatment: None</p> <p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access: None National Treatment: None</p> <p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access: None National Treatment: None</p>	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. National Treatment: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. </p> <p>ENGINEERING SERVICES:</p> <p>Market Access: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. National Treatment: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. </p> <p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. National Treatment: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. </p> <p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. National Treatment: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. </p>	<ul style="list-style-type: none"> CPC 8671 CPC 8672 CPC 8673 CPC 511, 512, 513, 514, 515, 516, 517, and 518. 	

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Austria	<p>Cross-Border Supply</p> <p>ARCHITECTURAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • None for pure planning services. • The submission of plans for approval by the competent authorities requires cooperation with an established supplier of planning services. 	<p>ARCHITECTURAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Commercial presence is required. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Commercial presence is required. 	
	<p>ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • None for pure planning services. • The submission of plans for approval by the competent authorities requires cooperation with an established supplier of planning services. 	<p>ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Commercial presence is required. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Commercial presence is required. 	
	<p>INTEGRATED ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • None for pure planning services. • The submission of plans for approval by the competent authorities requires cooperation with an established supplier of planning services. 	<p>INTEGRATED ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>INTEGRATED ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>INTEGRATED ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Commercial presence is required. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Commercial presence is required. 	

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Austria (continued)	Cross-Border Supply	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Renting services for construction and demolition equipment are unbound. <p>National Treatment:</p> <ul style="list-style-type: none"> Renting services for construction and demolition equipment are unbound. 	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Renting services for construction and demolition equipment are unbound. <p>National Treatment:</p> <ul style="list-style-type: none"> Renting services for construction and demolition equipment are unbound. 	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Unbound other than: Limitations indicated in the cross-industry commitments. Commercial presence is required. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound other than: Limitations indicated in the cross-industry commitments. Commercial presence is required. 	<ul style="list-style-type: none"> Austria did not make commitments on Renting Services Related to Equipment for Construction or Demolition Works, with Operator.²
	Belgium	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access: Unbound</p> <p>National Treatment: Unbound</p>	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound other than: Limitations indicated in the cross-industry commitments. Foreigners may use their professional titles on the basis of mutual recognition agreements or with special authorization by Royal Decree. 	
	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. Conforms with EU commitments. 	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. Conforms with EU commitments. 	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Unbound other than: Limitations indicated in the cross-industry commitments. University degree, professional qualifications, and 3 years' professional experience in the sector required.⁶ <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 		
	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. Conforms with EU commitments. 	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. Conforms with EU commitments. 	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Unbound other than: Limitations indicated in the cross-industry commitments. University degree, professional qualifications, and 3 years' professional experience in the sector required.⁵ <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 		

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Finland	Cross-Border Supply	ARCHITECTURAL, ENGINEERING, AND INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ARCHITECTURAL, ENGINEERING, AND INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ARCHITECTURAL, ENGINEERING, AND INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	Mode of Supply	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Pre-erection work at construction sites, special trade construction work, building completion and finishing work, and renting services for construction and demolition equipment are unbound. National Treatment: • Pre-erection work at construction sites, special trade construction work, building completion and finishing work, and renting services for construction and demolition equipment are unbound.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Pre-erection work at construction sites, special trade construction work, building completion and finishing work, and renting services for construction and demolition equipment are unbound. National Treatment: • Pre-erection work at construction sites, special trade construction work, building completion and finishing work, and renting services for construction and demolition equipment are unbound.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Pre-erection work at construction sites, special trade construction work, building completion and finishing work, and renting services for construction and demolition equipment are unbound. National Treatment: • Pre-erection work at construction sites, special trade construction work, building completion and finishing work, and renting services for construction and demolition equipment are unbound.	• Finland did not offer commitments on Pre-Erection Work at Construction Sites, Special Trade Construction Work, Building Completion and Finishing Work, or Renting Services Related to Equipment for Construction or Demolition of Building or Civil Engineering Works, with Operator. ⁷
France	Cross-Border Supply	ARCHITECTURAL, ENGINEERING, AND INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ARCHITECTURAL, ENGINEERING, AND INTEGRATED ENGINEERING SERVICES: Market Access: • Provision through SEL (anonyme, à responsabilité limitée ou en commandite par actions) or SCP only. ⁸ National Treatment: • Conforms with EU commitments.	ARCHITECTURAL SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Condition of nationality unless waived by ministerial authorization. ⁹ National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Foreigners may use their professional titles only if mutual recognition agreements exist.	
	Mode of Supply	ARCHITECTURAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ARCHITECTURAL SERVICES: Market Access: • Conforms with EU commitments.	ARCHITECTURAL SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Condition of nationality unless waived by ministerial authorization. ⁹ National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Foreigners may use their professional titles only if mutual recognition agreements exist.	
		ENGINEERING AND INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ENGINEERING AND INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ENGINEERING AND INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
France (continued)	Cross-Border Supply	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Technicians who are employees of a juridical person may be transferred to a commercial presence in France if a contract with that juridical person exists. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	ARCHITECTURAL SERVICES:	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • National rules on fees and compensation or all services which are performed by foreign professionals from abroad apply. 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Foreigners may use their professional titles only if mutual recognition agreements exist. 	
Germany	Cross-Border Supply	<p>ENGINEERING, INTEGRATED ENGINEERING, AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING, INTEGRATED ENGINEERING, AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING, INTEGRATED ENGINEERING, AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	ARCHITECTURAL SERVICES:	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
Greece	Cross-Border Supply	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound 	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Condition of nationality. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	ARCHITECTURAL SERVICES:	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Condition of nationality. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Mode of Supply		Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Country	Cross-Border Supply				
<i>Greece (continued)</i>	<p>INTEGRATED ENGINEERING SERVICES: Market Access: Unbound National Treatment: Unbound</p> <p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. • Conforms with EU commitments.</p>	<p>INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Nationality condition for managers of the board of directors of construction companies supplying in the public sector. National Treatment: • Conforms with EU commitments.</p>	<p>INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Nationality condition for managers of construction companies supplying in the public sector. National Treatment: • Conforms with EU commitments.</p>		
<i>Ireland</i>	<p>ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ARCHITECTURAL SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ARCHITECTURAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ARCHITECTURAL SERVICES: Market Access: • Access is restricted to natural persons. • Professional association (no incorporation) among natural persons is permitted. National Treatment: • Conforms with EU commitments.</p>	<p>ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ARCHITECTURAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Residency requirement.</p>	
<i>Italy</i>	<p>ENGINEERING SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ENGINEERING SERVICES: Market Access: • Access is restricted to natural persons. • Professional association (no incorporation) among natural persons is permitted. National Treatment: • Conforms with EU commitments.</p>	<p>ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Residency requirement.</p>	

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Italy (continued)	INTEGRATED ENGINEERING SERVICES: Market Access: Unbound National Treatment: Unbound	INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	INTEGRATED ENGINEERING SERVICES: Market Access: • Access is restricted to natural persons. • Professional association (no incorporation) among natural persons is permitted. National Treatment: • Conforms with EU commitments.	INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Limitations indicated in the cross-industry commitments. • Residency requirement.	
	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Exclusive rights are granted for construction, maintenance, and management of highways and the airport of Rome. National Treatment: • Conforms with EU commitments.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Luxembourg	ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, AND CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, AND CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, AND CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, AND CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Netherlands	ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, AND CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, AND CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, AND CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL ARCHITECTURAL, ENGINEERING, INTEGRATED ENGINEERING, AND CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Limitations indicated in the cross-industry commitments. • University degree, professional qualifications, and 3 years' professional experience in the sector required. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Portugal	Cross-Border Supply ARCHITECTURAL SERVICES: Market Access: Unbound National Treatment: Unbound	ARCHITECTURAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ARCHITECTURAL SERVICES: Market Access: • Access is restricted to natural persons. • Professional association (no incorporation) among natural persons is permitted. National Treatment: • Conforms with EU commitments.	ARCHITECTURAL SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Condition of nationality. National Treatment: • Conforms with EU commitments.	
	ENGINEERING SERVICES: Market Access: Unbound National Treatment: Unbound	ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ENGINEERING SERVICES: Market Access: • Access is restricted to natural persons. • Professional association (no incorporation) among natural persons is permitted. National Treatment: • Conforms with EU commitments.	ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Residency requirement.	
	INTEGRATED ENGINEERING SERVICES: Market Access: Unbound National Treatment: Unbound	INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	INTEGRATED ENGINEERING SERVICES: Market Access: • Access is restricted to natural persons. • Professional association (no incorporation) among natural persons is permitted. National Treatment: • Conforms with EU commitments.	INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: Unbound other than: • Limitations indicated in the cross-industry commitments. • Residency requirement.	
	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Exclusive rights are granted for maintenance and management of highways. National Treatment: • Conforms with EU commitments.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Exclusive rights are granted for maintenance and management of highways. National Treatment: • Conforms with EU commitments.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Spain	Cross-Border Supply	<p>ARCHITECTURAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Access is restricted to natural persons. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES: Market Access: Unbound other than:</p> <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Academic and professional qualifications must be recognized by the national authorities and licenses must be delivered by the Professional Association.⁶ • Unbound for CPC 86713, 86714, and 86719.⁶ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	Mode of Supply	<p>ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Access is restricted to natural persons. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING SERVICES: Market Access: Unbound other than:</p> <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Academic and professional qualifications must be recognized by the national authorities and licenses must be delivered by the Professional Association.⁶ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	Mode of Supply	<p>INTEGRATED ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>INTEGRATED ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Access is restricted to natural persons. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>INTEGRATED ENGINEERING SERVICES: Market Access: Unbound other than:</p> <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Academic and professional qualifications must be recognized by the national authorities and licenses must be delivered by the Professional Association.⁶ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	Mode of Supply	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: Unbound other than:</p> <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Academic and professional qualifications must be recognized by the national authorities and licenses must be delivered by the Professional Association.⁶ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Sweden	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ARCHITECTURAL SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • University degree, professional qualifications, and 3 years' professional experience in the sector required.⁵ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • University degree, professional qualifications, and 3 years' professional experience in the sector required.⁵ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>INTEGRATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • University degree, professional qualifications, and 3 years' professional experience in the sector required.⁵ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Special trade construction work and renting services for construction and demolition equipment are unbound. <p>National Treatment:</p> <ul style="list-style-type: none"> • Special trade construction work and renting services for construction and demolition equipment are unbound. 	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Special trade construction work and renting services for construction and demolition equipment are unbound. <p>National Treatment:</p> <ul style="list-style-type: none"> • Special trade construction work and renting services for construction and demolition equipment are unbound. 	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Special trade construction work and renting services for construction and demolition equipment are unbound. <p>National Treatment:</p> <ul style="list-style-type: none"> • Special trade construction work and renting services for construction and demolition equipment are unbound. 	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Special trade construction work and renting services for construction and demolition equipment are unbound. <p>National Treatment:</p> <ul style="list-style-type: none"> • Special trade construction work and renting services for construction and demolition equipment are unbound. 	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Special trade construction work and renting services for construction and demolition equipment are unbound. <p>National Treatment:</p> <ul style="list-style-type: none"> • Special trade construction work and renting services for construction and demolition equipment are unbound. 	<ul style="list-style-type: none"> • Sweden did not offer commitments on Special Trade Construction Work or Rental Services Related to Equipment for Construction or Demolition of Building or Civil Engineering Works, with Operator.¹⁰

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
United Kingdom	Cross-Border Supply ARCHITECTURAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ARCHITECTURAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ARCHITECTURAL SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ARCHITECTURAL SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • University degree, professional qualifications, and 3 years' professional experience in the sector required. ^o National Treatment: • Conforms with EU commitments.	
	ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ENGINEERING SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • University degree, professional qualifications, and 3 years' professional experience in the sector required. ^o • Compliance with an economic needs test is required. ^o National Treatment: • Conforms with EU commitments.	
	INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	INTEGRATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	INTEGRATED ENGINEERING SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • University degree, professional qualifications, and 3 years' professional experience in the sector required. ^o • Compliance with an economic needs test is required. ^o National Treatment: • Conforms with EU commitments.	
	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments	
Japan	<p>ARCHITECTURAL SERVICES: Market Access: <u>Architectural Services I:</u> <ul style="list-style-type: none"> Commercial presence is required for those services that must be provided by a supplier qualified as both an architect and a building engineer under the Kenchikushi Act, or by a service supplier using Kenchikushi. For CPC 86713, architectural services may be provided by a supplier not meeting the qualifications stipulated in the Kenchikushi Act, or by a service supplier not using Kenchikushi. In this case, commercial presence is not required. <u>Architectural Services II:</u> <ul style="list-style-type: none"> None National Treatment: None</p>	<p>ARCHITECTURAL SERVICES: Market Access: <u>Architectural Services I:</u> <ul style="list-style-type: none"> Commercial presence is required for those services that must be provided by a supplier qualified as both an architect and a building engineer under the Kenchikushi Act, or by a service supplier using Kenchikushi. For CPC 86713, architectural services may be provided by a supplier not meeting the qualifications stipulated in the Kenchikushi Act, or by a service supplier not using Kenchikushi. In this case, commercial presence is not required. <u>Architectural Services II:</u> <ul style="list-style-type: none"> None National Treatment: None</p>	<p>ARCHITECTURAL SERVICES: Market Access: None National Treatment: <ul style="list-style-type: none"> None except as indicated in cross-industry commitments. </p>	<p>ARCHITECTURAL SERVICES: Market Access: <ul style="list-style-type: none"> Unbound except as indicated in cross-industry commitments. National Treatment: <ul style="list-style-type: none"> Unbound except as indicated in cross-industry commitments. </p>	<ul style="list-style-type: none"> Architectural Services I includes CPC 86712, 86713, and 86714 (limited to services necessary for building construction excluding post-construction services). Architectural Services II includes CPC 86711, 86714, and 86719 (all limited to services necessary for building construction). 	<p>ENGINEERING SERVICES: Market Access: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. National Treatment: <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. </p>	<ul style="list-style-type: none"> Engineering Services I includes CPC 86722 and 86723; 86724, 86725, and 86727 (the latter three limited to services necessary for building construction excluding post-construction services). Engineering Services II includes CPC 8672 (excluding architectural services and civil engineering consulting services), 86721 (limited to services necessary for building construction and services necessary for civil engineering excluding engineering design services for buildings), 86724, 86727, and 86729 (the latter three limited to services necessary for civil engineering excluding engineering design services for buildings).

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Japan (continued)	<p>Cross-Border Supply</p> <p>INTEGRATED ENGINEERING SERVICES: Market Access: None National Treatment: None</p>	<p>INTEGRATED ENGINEERING SERVICES: Market Access: None National Treatment: None</p>	<p>INTEGRATED ENGINEERING SERVICES: Market Access: None National Treatment: None except as indicated in the cross-industry commitments.</p>	<p>INTEGRATED ENGINEERING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 8673 • Excludes services related to petroleum products, gas, and minerals. • For cross-border supply and consumption abroad, architectural services and civil engineering consulting services are excluded.
	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.</p>	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: None National Treatment: None</p>	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: None National Treatment: None except as indicated in the cross-industry commitments.</p>	<p>ALL CONSTRUCTION AND RELATED ENGINEERING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 511, 512, 513, 514, 515, 516, 517, and 518. • Excludes services related to mining.
	<p>ARCHITECTURAL SERVICES: Market Access: None National Treatment: None</p>	<p>ARCHITECTURAL SERVICES: Market Access: None National Treatment: None</p>	<p>ARCHITECTURAL SERVICES: Market Access: • Foreign investment is limited to 100 percent. National Treatment: None</p>	<p>ARCHITECTURAL SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 8671 • Includes consultancy and technical studies for architecture. • Architects must have a degree recognized by the Ministry of Public Education and are subject to special requirements.
	<p>ENGINEERING SERVICES: Market Access: None National Treatment: None</p>	<p>ENGINEERING SERVICES: Market Access: None National Treatment: None</p>	<p>ENGINEERING SERVICES: Market Access: • Foreign investment is limited to 100 percent. • For industrial design services (CPC 86725), investment is limited to 49 percent. National Treatment: None</p>	<p>ENGINEERING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 8672 • Includes consultancy and technical services for engineering.
Mexico	<p>INTEGRATED ENGINEERING SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>INTEGRATED ENGINEERING SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>INTEGRATED ENGINEERING SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>INTEGRATED ENGINEERING SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<ul style="list-style-type: none"> • Mexico did not offer commitments on Integrated Engineering Services.
	<p>PRE-ERECTION WORK AT CONSTRUCTION SITES: Market Access: Unbound National Treatment: Unbound</p>	<p>PRE-ERECTION WORK AT CONSTRUCTION SITES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.</p>	<p>PRE-ERECTION WORK AT CONSTRUCTION SITES: Market Access: • Foreign investment is limited to 49 percent. • Services relating to visual and electronic aids for runways are subject to approval and authorization by the Ministry of Communications and Transport. National Treatment: None</p>	<p>PRE-ERECTION WORK AT CONSTRUCTION SITES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 511

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Mexico (continued)	GENERAL CONSTRUCTION WORK FOR BUILDINGS: Market Access: Unbound National Treatment: Unbound	GENERAL CONSTRUCTION WORK FOR BUILDINGS: Market Access: • Unbound due to lack of technical feasibility. National Treatment: Unbound due to lack of technical feasibility.	GENERAL CONSTRUCTION WORK FOR BUILDINGS: Market Access: • Foreign investment is limited to 49 percent. National Treatment: None	GENERAL CONSTRUCTION WORK FOR BUILDINGS: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.	• CPC 5121, 5122, 5124, 5127, and 5128.
	GENERAL CONSTRUCTION FOR CIVIL ENGINEERING: Market Access: Unbound National Treatment: Unbound	GENERAL CONSTRUCTION FOR CIVIL ENGINEERING: Market Access: • Unbound due to lack of technical feasibility. National Treatment: Unbound due to lack of technical feasibility.	GENERAL CONSTRUCTION FOR CIVIL ENGINEERING: Market Access: • Foreign investment is limited to 49 percent. National Treatment: None	GENERAL CONSTRUCTION FOR CIVIL ENGINEERING: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.	• CPC 5131 and 5135.
	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: Market Access: Unbound National Treatment: Unbound	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: Market Access: Unbound National Treatment: Unbound	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: Market Access: Unbound National Treatment: Unbound	ASSEMBLY AND ERECTION OF PREFABRICATED CONSTRUCTIONS: Market Access: Unbound National Treatment: Unbound	• Mexico did not offer commitments on Assembly and Erection of Prefabricated Constructions.
	SPECIAL TRADE CONSTRUCTION WORK: Market Access: Unbound National Treatment: Unbound	SPECIAL TRADE CONSTRUCTION WORK: Market Access: • Unbound due to lack of technical feasibility. National Treatment: Unbound due to lack of technical feasibility.	SPECIAL TRADE CONSTRUCTION WORK: Market Access: • Foreign investment is limited to 49 percent. • Services relating to visual and electronic aids for runways are subject to approval and authorization by the Ministry of Communications and Transport. National Treatment: None	SPECIAL TRADE CONSTRUCTION WORK: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.	• CPC 515
	INSTALLATION WORK: Market Access: Unbound National Treatment: Unbound	INSTALLATION WORK: Market Access: • Unbound due to lack of technical feasibility. National Treatment: Unbound due to lack of technical feasibility.	INSTALLATION WORK: Market Access: • Foreign investment is limited to 49 percent. National Treatment: None	INSTALLATION WORK: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: Unbound except as indicated in the cross-industry commitments.	• CPC 5161, 5162, 5163, and 5164.
	BUILDING COMPLETION AND FINISHING WORK: Market Access: Unbound National Treatment: Unbound	BUILDING COMPLETION AND FINISHING WORK: Market Access: Unbound National Treatment: Unbound	BUILDING COMPLETION AND FINISHING WORK: Market Access: Unbound National Treatment: Unbound	BUILDING COMPLETION AND FINISHING WORK: Market Access: Unbound National Treatment: Unbound	• Mexico did not offer commitments on Building Completion and Finishing Work. • Mexico's commitments on CPC 516, Installation Work, were erroneously labeled as Building Completion and Finishing Work.

Industry-specific limitations: Architectural, engineering, and construction (AEC) services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Mexico (continued)	Cross-Border Supply RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: Market Access: Unbound National Treatment: Unbound	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: Market Access: Unbound National Treatment: Unbound	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: Market Access: Unbound National Treatment: Unbound	RENTING SERVICES RELATED TO EQUIPMENT FOR CONSTRUCTION OR DEMOLITION OF BUILDINGS OR CIVIL ENGINEERING WORKS, WITH OPERATOR: Market Access: Unbound National Treatment: Unbound	<ul style="list-style-type: none"> Mexico did not offer commitments on Renting Services Related to Equipment for Construction or Demolition of Building or Civil Engineering Works, with Operator.

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect architectural, engineering, integrated engineering, and construction services, see cross-industry commitments in appendix H.

² Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

³ The service specified is only a part of the total services included in this CPC.

⁴ Additional commitments are listed under the relevant EU member states' individual commitments.

⁵ Services covered in Austria's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Austria entered the European Union.

⁶ This text differs from the original offer to include further clarification of the schedule submitted by the EU in July 1995.

⁷ Services covered in Finland's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Finland entered the European Union.

⁸ SEL is the Société d'Exercice Libéral; SCP is the Société Civile Professionnelle. Both are forms of legal partnership that hold a company and its owners liable for the viability of the company. EU Commission officials, interviews by USITC staff, Brussels, July 18, 1995.

⁹ The conditions on which the nationality requirement would be waived are discretionary; specific criteria are not available. EU Commission officials, interviews with USITC staff, Brussels, July 19, 1995.

¹⁰ Services covered in Sweden's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Sweden entered the European Union.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), April 1994; GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21, 1995; domestic fieldwork, Dec. 1994-May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX R

**COMMITMENTS ON
ADVERTISING SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Advertising services

Country	Mode of Supply Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
<i>Greece</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Relevant qualifications and 5 years professional experience required.⁴ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Ireland</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Italy</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Compliance with an economic needs test required.⁴ • Relevant qualifications and 3 years professional experience required.⁴ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Luxembourg</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Netherlands</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Portugal</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Spain</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Relevant qualifications and 3 years professional experience required.⁴ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Sweden</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Advertising services

Country	Mode of Supply			Commercial Presence	Presence of Natural Persons	Comments
	Cross-Border Supply	Consumption Abroad	Market Access			
United Kingdom	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> Unbound other than: <ul style="list-style-type: none"> Limitations indicated in the cross-industry commitments. Compliance with an economic needs test required.⁴ Relevant qualifications and 3 years professional experience required.⁴ <p>National Treatment:</p> <ul style="list-style-type: none"> Conforms with EU commitments. 		
Japan	<p>Market Access: None</p> <p>National Treatment: None</p>	<p>Market Access: None</p> <p>National Treatment: None</p>	<p>Market Access: None</p> <p>National Treatment: None</p>	<p>Market Access:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> CPC 871 	
Mexico	<p>Market Access: None</p> <p>National Treatment: None</p>	<p>Market Access: None</p> <p>National Treatment: None</p>	<p>Market Access:</p> <ul style="list-style-type: none"> Foreign ownership is limited to 49 percent. <p>National Treatment: None</p>	<p>Market Access:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> CPC 871 	

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect advertising services, see cross-industry commitments in appendix H.

² Additional commitments are listed under the relevant EU member states' individual commitments.

³ Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

⁴ This text differs from the original offer to include further clarification of the schedule submitted by the European Union in July 1995.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/59), April 1994, GATS, Sweden: Schedule of Specific Commitments (GATS/SC/62), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994-May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX S

**COMMITMENTS ON
LEGAL SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Legal services¹

Country	Mode of Supply Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Canada	Market Access: None National Treatment: None	Market Access: None National Treatment: None	Market Access: • Commercial presence must take the form of a sole proprietorship or partnership. National Treatment: None	Market Access: • Unbound other than: • Limitations indicated in the cross-industry commitments. • Lawyers are required to be permanent residents ³ for accreditation in Prince Edward Island, Alberta, Ontario, and Newfoundland; and citizenship required in Quebec. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC ⁴ 861 ⁵ • Includes services provided by foreign legal consultants ⁶ on foreign and public international law only.
European Union ⁷ (EU)	Market Access: None National Treatment: None	Market Access: None National Treatment: None	Market Access: None National Treatment: None	Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• No CPC specified • Includes legal advice, home country law, and public international law.
Austria	Market Access: • Conforms with EU commitments. National Treatment: • Foreign legal advisors are required to be members of their national Bar Association. • Foreign legal advisors may use their professional title only with reference to the place of registration in their home country.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound other than: • At the request of a consumer, legal advisors may move into the territory of Austria in order to supply a specific service for 6 months with a possible extension. National Treatment: Unbound other than: • Legal advisors may temporarily move into the territory of Austria when requested by a consumer in order to supply a specific service. • Foreign legal advisors are required to be members of their national Bar Association. • Foreign legal advisors may use their professional title only with reference to the place of registration in their home country.	• CPC 861 • Includes legal advice activities on home country law and international law excluding EEA/EC-law.
Belgium	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Legal services

Country	Mode of Supply Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
<i>Denmark</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Marketing of legal advice activities⁹ is restricted to lawyers with Danish licenses to practice and law firms registered in Denmark.⁹ 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Marketing of legal advice activities⁹ is restricted to lawyers and law firms registered in Denmark.⁹ 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Marketing of legal advice activities⁹ is restricted to lawyers with Danish licenses to practice and law firms registered in Denmark.⁹ 	
<i>Finland</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Finnish citizenship and residency in Finland are required to practice legal services as a member of the General Bar Association.¹⁰ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Finnish citizenship and residency in Finland are required to practice legal services as a member of the General Bar Association.¹⁰ <p>National Treatment: None</p>	<ul style="list-style-type: none"> • CPC 861 • Includes international and home country law.
<i>France</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Drafting legal documents is unbound. <p>National Treatment:</p> <ul style="list-style-type: none"> • Drafting legal documents is unbound. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Provision through SEL or SCP only.¹¹ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>Additional Commitment:</p> <ul style="list-style-type: none"> • Host country law and international law (including EU law) are opened to the Members of the regulated legal and judicial profession.¹² 	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Legal advice activities and drafting of legal documents as a main activity and for the public, are reserved to the members of the regulated legal and judicial professions.¹² These activities may also be exercised as a secondary activity by members of other regulated professions or by qualified persons. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Legal services

Mode of Supply		Consumption Abroad		Commercial Presence		Presence of Natural Persons		Comments	
Country	Cross-Border Supply	Market Access:	National Treatment:	Market Access:	National Treatment:	Market Access:	National Treatment:	Market Access:	National Treatment:
Germany	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Access subject to acceptance into a Bar Association according to the "Federal Lawyers Act", which requires establishment through sole proprietorship or partnership.¹³ • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Unbound for activities reserved to "Rechtsanwalt."¹⁴ • University degree, professional qualifications, and 3 years professional experience required.¹⁴ • Conforms with EU commitments. 				
Greece	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Condition of nationality. • Conforms with EU commitments. 				
Italy	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 				
Ireland	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 				
Luxembourg	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 				
Netherlands	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 				
Portugal	<ul style="list-style-type: none"> • Drafting legal documents is unbound. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 	<ul style="list-style-type: none"> • Conforms with EU commitments. 				

Industry-specific limitations: Legal services

Country	Mode of Supply Cross-Border Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
<i>Spain</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
<i>Sweden</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • An "advokat"¹⁶ may not practice his profession neither in cooperation with other persons than other "advokats,"¹⁶ nor in the form of a limited liability company.¹⁷ • The use of the Swedish title "advokat" (lawyer, solicitor, barrister) requires membership in the Swedish Bar Association.¹⁸ <p>National Treatment:</p>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • An "advokat"¹⁶ may not practice with persons other than other "advokats,"¹⁶ or in the form of a limited liability company.¹⁷ • None except for the protection of the use of the Swedish title "advokat" (lawyer, solicitor, barrister), which requires membership in the Swedish Bar Association.¹⁹ <p>National Treatment:</p>	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • An "advokat"¹⁶ may not practice his profession neither in cooperation with other persons than other "advokats,"¹⁶ nor in the form of a limited liability company.¹⁷ <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • The use of the Swedish title "advokat" (lawyer, solicitor, barrister) requires membership in the Swedish Bar Association.¹⁹ 	<ul style="list-style-type: none"> • No CPC specified • Includes legal advice activities on home country law and international law.
<i>United Kingdom</i>	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • University degree, professional qualifications, and 3 years professional experience required.¹³ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	

Industry-specific limitations: Legal services

Country	Mode of Supply Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Japan	<p>Market Access:</p> <ul style="list-style-type: none"> • Services must be supplied by a natural person. • Commercial presence¹⁹ is required for all legal services except maritime. <p>National Treatment:</p> <ul style="list-style-type: none"> • Suppliers of consultancy on law of jurisdiction are required to stay in Japan at least 180 days a year. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Services must be supplied by a natural person. • Commercial presence is required for all legal services except maritime. <p>National Treatment:</p> <ul style="list-style-type: none"> • Suppliers of consultancy on law of jurisdiction are required to stay in Japan at least 180 days a year. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Services must be supplied by a natural person. <p>National Treatment:</p> <ul style="list-style-type: none"> • None except as indicated in the cross-industry commitments. <p>Additional Commitments:</p> <ul style="list-style-type: none"> • Consultancy on international law of jurisdiction is permitted, provided that the international law is or was in force in the jurisdiction. • Practice of third-country law²⁰ and Japanese law is not permitted. • Association with Bengoshi²¹ is permitted, but foreign firms cannot employ Bengoshi. • Use of firm name is unrestricted, provided that it is followed with reference to "Gaikoku-Ho-Jimu-Bengoshi Jimusho." • Representation in arbitration is permitted, provided that the applicable law in the arbitration is the law which the service supplier is qualified to practice in Japan. 	<p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Commercial presence is required for all legal services except maritime. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Suppliers of consultancy on law of jurisdiction are required to stay in Japan at least 180 days a year. 	<ul style="list-style-type: none"> • CPC 86119, 8612, 8613, 8619 • Includes Legal Services supplied by a "Bengoshi" lawyer, a "Benrishi" patent attorney,²² a "Kajidairishi" maritime procedure agent,²³ and consultancy on law of jurisdiction²⁴ where the service supplier²⁵ is a qualified lawyer.

Industry-specific limitations: Legal services

Country	Mode of Supply		Consumption Abroad		Commercial Presence		Presence of Natural Persons		Comments
	Cross-Border Supply	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound	Market Access: Unbound National Treatment: Unbound		
Mexico									<ul style="list-style-type: none"> Mexico did not offer commitments on legal services.

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect legal services, see cross-industry commitments in appendix H.

² A sole proprietor is a practitioner who practices on his own but accepts legal responsibility for his professional actions; a partnership involves a similar arrangement where the legal responsibility is shared among the partners.

³ One becomes a permanent resident by applying for landed immigrant status.

⁴ Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

⁵ The service specified is only a part of the total services included in this CPC.

⁶ Foreign legal consultants (FLC) have the right to practice without meeting normal accreditation requirements on a temporary basis in the Provinces of British Columbia, Saskatchewan, and Ontario on the following basis: a) In British Columbia and Saskatchewan, the FLC must be a "member in good standing" of the legal profession in his/her own home country; of good character, repute, and physically fit; carry a fidelity bond or other security in an amount of at least \$1,000,000 Canadian; and complete any mandatory continuing legal education program. b) In Saskatchewan, the FLC must have practiced the law of his/her country for at least 3 complete years, and undertake not to accept, hold, transfer and or in any other manner deal with trust funds. c) In Ontario, the person must be of good character, reside or undertake to reside in Ontario as soon as practicable, and for at least the 5 preceding years have practiced the law of his/her country.

⁷ Additional commitments are listed under the relevant EU member states' individual commitments.

⁸ Firms cannot advertise their legal services via mail if they have no legal presence in Denmark. EU Commission officials, interviews by USITC staff, Brussels, July 18, 1995.

⁹ Only lawyers with a Danish license to practice and law firms registered in Denmark may own shares in a Danish law firm, sit on the board, or be part of the management of a Danish law firm. Lawyers must pass a Danish law examination in order to obtain a Danish license to practice.

¹⁰ Prestige is the principal benefit associated with membership in the Finnish General Bar Association. Foreign lawyers can provide a full range of legal services, excluding acting as a judge. However, Finland may change its limitations through harmonization with the EU schedule. Finnish official, interview by USITC staff, Geneva, July 24, 1995.

¹¹ SEL is the Société d'Exercice Libéral; SCP is the Société Civile Professionnelle. Both are forms of legal partnership that hold a company and its owner liable for the viability of the company. EU Commission officials, interviews by USITC staff, Brussels, July 18, 1995.

¹² Access to these professions is governed by the French law No. 90-1259 of December 31, 1990 which opens the entire range of legal and judicial activities. Effectively, to qualify as a member of the regulated and judicial professions, U.S. lawyers must pass a French examination that requires comprehensive knowledge of French law and language. EU Commission officials, interviews by USITC staff, Brussels, July 18, 1995 and OECD, interviews by USITC staff, Paris, July 26, 1995.

¹³ A sole proprietorship is the equivalent of someone who is "self-employed." A partnership is a "professional establishment," which excludes capital or stock companies.

¹⁴ This text differs from the original offer to include further clarification from the schedule submitted by the European Union in July 1995.

¹⁵ Foreign lawyers must be members of the Bar to supply any type of service. The Bar may require the prospective lawyer to take a test or go through a training period. EU Commission officials interviews by USITC staff, Brussels, July 18, 1995.

¹⁶ When not appearing under the title "advokat," foreign lawyers may freely offer legal advice activities. The basic principle is that only "advokats" may exercise influence on "advokat" businesses. entirely owned by one or more "advokats" having been granted an exemption by the Swedish Bar Association.

¹⁷ A limited liability company is a joint stock company which is subject to an exemption granted by the Board of the Swedish Bar Association. A fundamental condition is that the company must be

¹⁸ Swedish law exam or equivalent education and practical experience, citizenship, and residency are required for such membership.

¹⁹ In this context, a commercial presence is an office established and registered in Japan.

²⁰ Third-country law is any law other than Japanese law and law under which the service supplier is qualified as a lawyer.

²¹ Bengoshi is a Japanese lawyer who can provide all kinds of legal services in Japan. To qualify as Bengoshi, lawyers must pass the national examinations. In this context, association is a continuous contractual relation between Bengoshi and a foreign lawyer to share profits and losses and to work jointly on cases which have international elements.

²² Benrishi is a patent attorney who can provide limited legal services related to industrial property such as application and dispute settlement. To qualify as Benrishi, lawyers must pass the national examination.

²³ Kajidairishi is a maritime procedure agent who can provide limited legal services related to maritime procedures such as registration of ships and dispute settlement of maritime accidents. To qualify as Kajidairishi, lawyers must pass the national examinations.

Industry-specific limitations: Legal services

²⁴ Consultancy on law of jurisdiction does not include legal representation for juridical procedures in courts and other government agencies as well as preparation of legal documents for such procedures; expression of legal opinions concerning laws other than laws of the jurisdiction where the service supplier is qualified as a lawyer (hereinafter referred to as the "jurisdiction" in this sector); legal representation for the entrustment of the preparation of notarial deeds; and those activities concerning a legal case whose primary objective is the acquisition or loss or change of rights concerning real property in Japan or of industrial property rights, mining rights or other rights arising upon registration thereof with government agencies in Japan. A service supplier shall be required to cooperate with Bengoshi or to ask for his advice in a legal case concerning family relations or inheritance, in which a Japanese national is involved as a party, or in a legal case whose objective is the acquisition or loss or change of rights concerning real property in Japan or of industrial property rights, mining rights, or other rights, arising upon registration thereof with government agencies in Japan, as long as the above objective is not the primary one.

²⁵ A service supplier must be recognized as "Gaikoku-Ho-Jimu-Bengoshi" by the Minister of Justice and register with the Japan Federation of Bar Associations. The conditions for granting recognition by the Minister of Justice are as follows: the service supplier is qualified as a lawyer in the jurisdiction; the service supplier has engaged himself as a lawyer for at least 5 years in the jurisdiction; the service supplier is not subject to such conditions of disqualification in the jurisdiction which, if applied to Bengoshi, would disqualify the Bengoshi; the service supplier possesses the intention to undertake the profession in good faith; the service supplier possesses plans, residence, and financial basis to perform his functions properly and steadily; the service supplier possesses capability to compensate for damages caused to the client, if any.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), April 1994; GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994- May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX T

**COMMITMENTS ON
TRANSPORTATION SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Transportation services¹

Mode of Supply		Consumption Abroad		Commercial Presence		Presence of Natural Persons		Comments	
Canada ²	Cross-Border Supply ROAD PASSENGER TRANSPORTATION: Market Access: <ul style="list-style-type: none"> • Cabotage is unbound. • Interurban bus and non-scheduled services in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland, and the Northwest Territories require public convenience and needs test.³ National Treatment: None	ROAD PASSENGER TRANSPORTATION: Market Access: None National Treatment: None	ROAD PASSENGER TRANSPORTATION: Market Access: <ul style="list-style-type: none"> • Taxis and rental services with drivers: Operating licenses and permission are under the purview of local/provincial authorities.³ • Interurban bus and scheduled services in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland, and the Northwest Territories require public convenience and needs test.³ National Treatment: None	ROAD PASSENGER TRANSPORTATION: Market Access: <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. National Treatment: <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> • CPC 71213, 71221, 71222, 71223 • Includes interurban scheduled bus passenger transportation, taxis, rental cars and driver services, and non-scheduled motor buses, chartered buses, and tour and sightseeing buses. 				
	ROAD FREIGHT TRANSPORTATION: Market Access: <ul style="list-style-type: none"> • Cabotage is unbound. • Highway freight transportation in Quebec requires a commercial presence in the region where the permit applies. National Treatment: None	ROAD FREIGHT TRANSPORTATION: Market Access: None National Treatment: None	ROAD FREIGHT TRANSPORTATION: Market Access: <ul style="list-style-type: none"> • Highway freight transportation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland, and the Northwest Territories requires public convenience and needs test.³ National Treatment: None	ROAD FREIGHT TRANSPORTATION: Market Access: <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. National Treatment: <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> • CPC 71231, 71232, 71233, 71234 • Includes highway freight transportation. 				
	OTHER TRANSPORTATION: Market Access: <ul style="list-style-type: none"> • Cabotage is unbound. National Treatment: None	OTHER TRANSPORTATION: Market Access: None National Treatment: None	OTHER TRANSPORTATION: Market Access: None National Treatment: <ul style="list-style-type: none"> • Newfoundland: Majority of railway Board of Directors must be resident in Newfoundland residents. • Manitoba: At least one director of a provincial railroad must be a resident of the Province. 	OTHER TRANSPORTATION: Market Access: <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. National Treatment: <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> • CPC 7111, 7112 • Includes railway passenger and freight transport. 				

Industry-specific limitations: Transportation services

Mode of Supply		Consumption Abroad		Commercial Presence		Presence of Natural Persons		Comments					
Mode of Supply	Cross-Border Supply	AUXILIARY FREIGHT SERVICES:	Market Access:	Licensed Customs Brokers (federal):	Judicial persons: Services must be supplied through a commercial presence	Natural persons must be permanent residents.	National Treatment:	None	OTHER AUXILIARY SERVICES:	Market Access:	None	National Treatment:	None
Canada (continued)	<p>AUXILIARY FREIGHT SERVICES:</p> <ul style="list-style-type: none"> Federally licensed customs brokers must be permanent residents (natural persons) and supply services through a commercial presence. Storage and warehousing, and container station and depot services, are unbound due to lack of technical feasibility. <p>National Treatment: None</p>	<p>AUXILIARY FREIGHT SERVICES:</p> <p>Market Access:</p> <p>Licensed Customs Brokers (federal):</p> <ul style="list-style-type: none"> Judicial persons: Services must be supplied through a commercial presence Natural persons must be permanent residents. <p>National Treatment: None</p>	<p>AUXILIARY FREIGHT SERVICES:</p> <p>Market Access:</p> <p>Licensed Customs Brokers (federal):</p> <ul style="list-style-type: none"> Judicial persons: Commercial presence must be by means of incorporation or a partnership. A corporation must be incorporated in Canada and the majority of its directors must be Canadian citizens or permanent residents. A partnership must be composed of persons who are Canadian citizens or permanent residents. <p>National Treatment: None</p>	<p>AUXILIARY FREIGHT SERVICES:</p> <p>Market Access:</p> <p>Unbound other than:</p> <ul style="list-style-type: none"> Limitations indicated in the cross-industry commitments. Licensed customs brokers (federal): Natural persons must be permanent residents. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> CPC 7411, 7419, 742, 748, 749 Includes container and cargo handling, storage and warehouse services, freight transport agency services, and other supporting activities, such as freight forwarding and customs clearance services, as well as container station and depot services. 								
European Union* (EU)	<p>ROAD PASSENGER TRANSPORTATION:</p> <p>Market Access: Unbound</p> <p>National Treatment: Unbound</p>	<p>ROAD PASSENGER TRANSPORTATION:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>ROAD PASSENGER TRANSPORTATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Unbound for transport within a member state (cabotage), by a carrier established outside that member state, except for the rental of non-scheduled services of buses with operator (71223) where no limitation will apply after 1996.⁶ Economic needs test required for CPC 71221 (taxi services).⁷ <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound for transport within a member state (cabotage), by a carrier established outside the member state.⁸ 	<p>ROAD PASSENGER TRANSPORTATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> CPC 7124 Includes rental of commercial road vehicle with operator. 								

Industry-specific limitations: Transportation services

Mode of Supply	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
European Union (continued)	Cross-Border Supply	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD FREIGHT TRANSPORTATION: Market Access: • Unbound for transport within a member state by a carrier established in another member state. ⁹ National Treatment: • Unbound for transport within a member state by a carrier established in another member state. ⁹	ROAD FREIGHT TRANSPORTATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7123
	OTHER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	OTHER TRANSPORTATION: Market Access: None National Treatment: None	OTHER TRANSPORTATION: Market Access: • None without prejudice to the limitations affecting any given mode of transport. ⁹ National Treatment: • None without prejudice to the limitations affecting any given mode of transport. ⁹	OTHER TRANSPORTATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• Includes combined land transport services.
	AUXILIARY FREIGHT SERVICES: Market Access: None other than: • Unbound for storage and warehousing. National Treatment: None other than: • Unbound for storage and warehousing.	AUXILIARY FREIGHT SERVICES: Market Access: None National Treatment: None	AUXILIARY FREIGHT SERVICES: Market Access: None National Treatment: None	AUXILIARY FREIGHT SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.
Austria	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7124 ⁸ • Includes rental of commercial road vehicle with operator.
	ROAD PASSENGER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD PASSENGER TRANSPORTATION Market Access: Unbound National Treatment: Unbound	ROAD PASSENGER TRANSPORTATION Market Access: Unbound National Treatment: Unbound	ROAD PASSENGER TRANSPORTATION Market Access: Unbound National Treatment: Unbound	• Austria did not offer commitments on Road Passenger Transportation.
	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	• Austria did not offer commitments on Road Freight Transportation.
OTHER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	OTHER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	OTHER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	OTHER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	OTHER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	• Austria did not offer commitments on Other Transportation Services.

Industry-specific limitations: Transportation services

Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply	
Cross-Border Supply		Consumption Abroad		Commercial Presence		Presence of Natural Persons						Comments	
<i>Austria</i> (continued)	AUXILIARY FREIGHT SERVICES: Market Access: • Storage and warehousing are unbound due to lack of technical feasibility. • None for freight transport agency services. National Treatment: • Storage and warehousing are unbound due to lack of technical feasibility. • None for freight transport agency services.	AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.								• CPC 742, 748 ¹⁰ • Includes storage and freight transport agency services.
<i>Belgium</i>	OTHER AUXILIARY SERVICES: Market Access: Unbound National Treatment: Unbound	OTHER AUXILIARY SERVICES: Market Access: Unbound National Treatment: Unbound	OTHER AUXILIARY SERVICES: Market Access: Unbound National Treatment: Unbound	OTHER AUXILIARY SERVICES: Market Access: Unbound National Treatment: Unbound	OTHER AUXILIARY SERVICES: Market Access: Unbound National Treatment: Unbound								• Austria did not offer commitments on Other Auxiliary Services.
<i>Denmark</i>	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.								
<i>Finland</i>	ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ROAD PASSENGER TRANSPORTATION: Market Access: • Authorized for foreign registered vehicles. National Treatment: None	ROAD PASSENGER TRANSPORTATION: Market Access: • Authorized for foreign registered vehicles. National Treatment: None	ROAD PASSENGER TRANSPORTATION: Market Access: • Authorized for foreign registered vehicles. National Treatment: None								• CPC 71213, 71222, 71223 ¹²

Industry-specific limitations: Transportation services

Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply	
Finland (continued)	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments	Finland (continued)	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD FREIGHT TRANSPORTATION: Market Access: None National Treatment: None	ROAD FREIGHT TRANSPORTATION: Market Access: • Authorization required, not extended to foreign registered vehicles. National Treatment: None	ROAD FREIGHT TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: None	• CPC 7123 ⁹		ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD FREIGHT TRANSPORTATION: Market Access: None National Treatment: None	ROAD FREIGHT TRANSPORTATION: Market Access: • Authorization required, not extended to foreign registered vehicles. National Treatment: None	ROAD FREIGHT TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: None	• CPC 7123 ⁹
	OTHER TRANSPORTATION: Market Access: None National Treatment: None	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: None	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: None	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: None			OTHER TRANSPORTATION: Market Access: None National Treatment: None	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: None	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: None	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: None	
	AUXILIARY FREIGHT SERVICES Market Access: • Unbound due to lack of technical feasibility. • None for freight transport agency services. National Treatment: • Unbound due to lack of technical feasibility. • None for freight transport agency services.	AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: None	• CPC 742, 748 • Includes storage and warehousing, and freight transport agency services.		AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Conforms with EU commitments. National Treatment: None	
	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None			OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: None	• CPC 749, 7213, 7124 ⁹ • Includes certain other auxiliary services and leasing of vehicles with crew.
France	ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ROAD PASSENGER TRANSPORTATION: Market Access: • Unbound for intercity busing. ⁷ National Treatment: • Conforms with EU commitments.			ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ROAD PASSENGER TRANSPORTATION: Market Access: • Unbound for intercity busing. ⁷ National Treatment: • Conforms with EU commitments.	ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.			OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Germany	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.			ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Transportation services

Mode of Supply	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
<i>Netherlands</i>	<p>Cross-Border Supply</p> <p>ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
<i>Portugal</i>	<p>ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ROAD PASSENGER TRANSPORTATION: Market Access: • For limousine services, economic needs test is required. • For intercity busing, access through incorporation only. National Treatment: • Conforms with EU commitments.</p>	<p>ROAD PASSENGER TRANSPORTATION: Market Access: • Nationality requirement for specialist personnel. National Treatment: • Conforms with EU commitments.</p>	
<i>Spain</i>	<p>OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ROAD PASSENGER TRANSPORTATION: Market Access: • For intercity busing⁷ and other non-scheduled passenger transportation, economic needs test is required. National Treatment: • Conforms with EU commitments.</p>	<p>OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	
	<p>ROAD FREIGHT TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ROAD FREIGHT TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ROAD FREIGHT TRANSPORTATION: Market Access: • Unbound National Treatment: • Conforms with EU commitments.</p> <p>OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ROAD FREIGHT TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>OTHER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	

Industry-specific limitations: Transportation services

Mode of Supply	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Sweden	<p>Cross-Border Supply</p> <p>ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ROAD PASSENGER TRANSPORTATION: Market Access: • Operators are allowed to establish and maintain their own terminal infrastructure facilities, subject to space and capacity constraints. National Treatment: • Established entities are required to use vehicles with national registration.</p>	<p>ROAD PASSENGER TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<ul style="list-style-type: none"> • CPC 71213, 7122, and 7123,¹³ not including cabotage)
	<p>ROAD FREIGHT TRANSPORTATION: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p>	<p>ROAD FREIGHT TRANSPORTATION: Market Access: • Operators are allowed to establish and maintain their own terminal infrastructure facilities, subject to space and capacity constraints. National Treatment: • Requirement on established entities to use vehicles with national registration.</p>	<p>ROAD FREIGHT TRANSPORTATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<p>ROAD FREIGHT TRANSPORTATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 71213, 7122, and 7123, not including cabotage)¹⁸
	<p>OTHER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound</p> <p>AUXILIARY FREIGHT SERVICES: Market Access: Unbound National Treatment: Unbound</p> <p>OTHER AUXILIARY SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>OTHER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound</p> <p>AUXILIARY FREIGHT SERVICES: Market Access: Unbound National Treatment: Unbound</p> <p>OTHER AUXILIARY SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>OTHER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound</p> <p>AUXILIARY FREIGHT SERVICES: Market Access: Unbound National Treatment: Unbound</p> <p>OTHER AUXILIARY SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>OTHER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound</p> <p>AUXILIARY FREIGHT SERVICES: Market Access: Unbound National Treatment: Unbound</p> <p>OTHER AUXILIARY SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<ul style="list-style-type: none"> • Sweden did not offer commitments on Other Transportation Services. • Sweden did not offer commitments on Auxiliary Freight Services. • Sweden did not offer commitments on Other Auxiliary Services.
United Kingdom	<p>ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ROAD PASSENGER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound</p>	<p>ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ROAD PASSENGER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound</p>	<p>ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ROAD PASSENGER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound</p>	<p>ALL TRANSPORTATION SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.</p> <p>ROAD PASSENGER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound</p>	<ul style="list-style-type: none"> • Japan did not offer commitments on Road Passenger Transportation.

Industry-specific limitations: Transportation services

Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply	
Cross-Border Supply		Consumption: Abroad		Commercial Presence		Presence of Natural Persons				Comments	
Japan (continued)	ROAD FREIGHT TRANSPORTATION: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	ROAD FREIGHT TRANSPORTATION: Market Access: None National Treatment: None	ROAD FREIGHT TRANSPORTATION: Market Access: • There are emergency safeguard measures concerning the limitations on the number of service suppliers and on the number of service operations or on the quantity of service output. National Treatment: • None except as indicated in the cross-industry commitments.	ROAD FREIGHT TRANSPORTATION: Market Access: • There are emergency safeguard measures concerning the limitations on the number of service suppliers and on the number of service operations or on the quantity of service output. National Treatment: • None except as indicated in the cross-industry commitments.	ROAD FREIGHT TRANSPORTATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	ROAD FREIGHT TRANSPORTATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7123				
	OTHER TRANSPORTATION: Market Access: None National Treatment: None	OTHER TRANSPORTATION: Market Access: None National Treatment: None	OTHER TRANSPORTATION: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	OTHER TRANSPORTATION: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	OTHER TRANSPORTATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	OTHER TRANSPORTATION: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7139 • Includes pipeline transportation of goods other than fuels.				
	AUXILIARY FREIGHT SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	AUXILIARY FREIGHT SERVICES: Market Access: • Customs clearance agent services are unbound due to lack of technical feasibility • None for storage and warehouse services. National Treatment: • Customs clearance agent services are unbound due to lack of technical feasibility • None for storage and warehouse services.	AUXILIARY FREIGHT SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	AUXILIARY FREIGHT SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	AUXILIARY FREIGHT SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 742 • Includes storage and warehousing (except petroleum and petroleum products), and customs clearance agent services.				
	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	OTHER AUXILIARY SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	OTHER AUXILIARY SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	OTHER AUXILIARY SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• Includes rental of rail equipment with operators.				
Mexico	ROAD PASSENGER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD PASSENGER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD PASSENGER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD PASSENGER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD PASSENGER TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	• Mexico did not offer commitments on Road Passenger Transportation.					
	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	ROAD FREIGHT TRANSPORTATION: Market Access: Unbound National Treatment: Unbound	• Mexico did not offer commitments on Road Freight Transportation.					

Industry-specific limitations: Transportation services

Mode of Supply		Mode of Supply		Mode of Supply		Mode of Supply		
Mexico (continued)	Cross-Border Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments			
	<p>OTHER TRANSPORTATION:</p> <ul style="list-style-type: none"> Unbound due to lack of technical feasibility. <p>National Treatment:</p> <ul style="list-style-type: none"> Unbound due to lack of technical feasibility. 	<p>OTHER TRANSPORTATION:</p> <p>Market Access: None</p> <p>National Treatment: None</p>	<p>OTHER TRANSPORTATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Foreign investment is limited to 49 percent. The state and municipal authorities are responsible for granting concessions for these services. <p>National Treatment:</p> <ul style="list-style-type: none"> For concession granting purposes, Mexicans have priority over foreigners, other things being equal.¹⁴ It is not permitted to transfer, mortgage, encumber, or alienate the concession or the rights it confers to any foreign government or state, nor may the latter be admitted as a partner or the enterprise holding the concession. 	<p>OTHER TRANSPORTATION:</p> <p>Market Access:</p> <ul style="list-style-type: none"> Tramway: Unbound except as indicated in the cross-industry commitments. Subway: Unbound <p>National Treatment:</p> <ul style="list-style-type: none"> Tramway: Unbound except as indicated in the cross-industry commitments. Subway: Unbound 	<ul style="list-style-type: none"> CPC 71211 Includes tramway and subway transport. 			
	<p>AUXILIARY FREIGHT SERVICES:</p> <p>Market Access: Unbound</p> <p>National Treatment: Unbound</p>	<p>AUXILIARY FREIGHT SERVICES:</p> <p>Market Access: Unbound</p> <p>National Treatment: Unbound</p>	<p>AUXILIARY FREIGHT SERVICES:</p> <p>Market Access: Unbound</p> <p>National Treatment: Unbound</p>	<p>AUXILIARY FREIGHT SERVICES:</p> <p>Market Access: Unbound</p> <p>National Treatment: Unbound</p>	<ul style="list-style-type: none"> Mexico did not offer commitments on Auxiliary Freight Services. 			

Industry-specific limitations: Transportation services

Mode of Supply		Mode of Supply		Mode of Supply	
Mexico (continued)	Cross-Border Supply	Consumption Abroad	Commercial Presence	Natural Persons	Comments
	<p>OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None</p>	<p>OTHER AUXILIARY SERVICES: Market Access: None National Treatment: None</p>	<p>OTHER AUXILIARY SERVICES: Market Access: • Foreign investment is limited to 49 percent. • A concession issued by the Ministry of Transport and Communications (SCT) is required to provide these services and the prior authorization of the Ministry of Foreign Relations (SRE) is needed to enable enterprises with foreign participation to obtain such concessions. National Treatment: • For concession granting purposes, Mexicans have priority over foreigners, other things being equal.⁴ • It is not permitted to transfer, mortgage, encumber or alienate the concession or the rights it confers to any foreign government or state, nor may the latter be admitted as a partner or the enterprise holding the concession.</p>	<p>OTHER AUXILIARY SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 749 • Includes transport weighbridge services.

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect transportation services, see cross-industry commitments in appendix H.

² Approval is required from the National Transportation Agency prior to the acquisition of any federally regulated transportation undertaking with assets or annual gross sales in Canada in excess of C\$10 million. (A transportation undertaking is any business principally engaged in any transportation activity under federal jurisdiction in Canada, except those operated by a person whose principal place of residence is outside Canada, and/or those engaged in the transport of goods and/or passengers solely between Canada and another country.) Acquisition of control of a Canadian business with respect to any transportation service by a non-Canadian is subject to approval for: 1) all direct acquisitions of Canadian businesses with assets of C\$5 million or more, 2) all indirect acquisitions of Canadian businesses with assets of C\$50 million or more, or 3) indirect acquisitions of Canadian businesses with assets between C\$5 million and C\$50 million that represent more than 50 percent of the value of the total international transaction.

³ Criteria include: examination of adequacy of current levels of service; market conditions establishing the requirement for expanded service; the effect of new entrants on public convenience, including the continuity and quality of service; and the fitness, willingness, and ability of the applicant to provide proper service.

⁴ Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

⁵ Additional commitments are listed under the relevant EU member states' individual commitments.

⁶ According to EU legislation, cabotage within the European Union should be opened completely by 1998. French official, interview by USITC staff Paris, July 20, 1995.

⁷ Needs test based on the number of service suppliers in the local geographic area.

⁸ This commitment confirms the right to organize the transport over land. However, all limitations on individual modes of land transportation still apply. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995 and World Trade Organization official, interviews by USITC staff, Geneva, July 24, 1995.

⁹ It is not clear how this service differs from road freight transportation. See appendix G for the CPC concordance. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

¹⁰ Services covered in Austria's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Austria entered the European Union.

¹¹ Where the supply of a service is subject to an economic needs test, this is essentially based on existing public transport on the route concerned.

¹² Services covered in Finland's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Finland entered the European Union.

¹³ Services covered in Sweden commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Sweden entered the European Union.

¹⁴ Concession means discretionary authorization by the competent authorities to provide a public service.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994.

Industry-specific limitations: Transportation services

1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), April 1994, GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, Interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, Interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, Interviews by USITC staff, Paris, July 19-21, domestic fieldwork, Dec. 1994- May 1995; and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

APPENDIX U

**COMMITMENTS ON
TRAVEL AND TOURISM SERVICES**

Explanation of the table

The following table is configured as a matrix, with individual countries and service sectors listed along the vertical axis, and modes of supply listed along the horizontal axis. Modes of supply are the means of providing a service to foreign consumers and include:

- cross-border supply, wherein a service is transported beyond the country of the service supplier to the foreign consumer (the service supplier is not present within the territory of the consumer);
- consumption abroad, wherein a consumer, or the consumer's property, receives a service outside the territory of the consumer's country;
- commercial presence, whereby a service supplier establishes a type of business or professional enterprise in the foreign market; and
- presence of natural persons, whereby one individual, acting alone or as an employee of a service provider, provides a service while present in a foreign market.

The commitments that are listed detail limitations to market access or national treatment. Limitations to market access include quantitative limits on investment, suppliers, sales, and other barriers to entry. National treatment limitations refer to instances in which a domestic supplier may be given preferential treatment over a foreign firm.

The word "none" means that no industry-specific limitations apply for that mode of supply. These are called full commitments. The word "unbound" indicates that restrictions on market access and national treatment may be maintained or introduced. All other cells provide details on trade limitations that presently exist, but may become no more restrictive in the future. These are called partial commitments.

Industry-specific limitations: Travel and tourism services¹

Country	Mode of Supply			Comments
	Cross-Border Supply	Consumption Abroad	Commercial Presence	
Canada	<p>LODGING SERVICES: None Market Access: None National Treatment: None</p>	<p>LODGING SERVICES: None Market Access: None National Treatment: None</p>	<p>LODGING SERVICES: None Market Access: None National Treatment: None • Ontario: Non-residents must pay a 20-percent land transfer tax on the purchase of recreational property.</p>	<p>Presence of Natural Persons</p> <p>LODGING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p> <p>• CPC² 641 • Includes hotels and other lodging services.</p>

Industry-specific limitations: Travel and tourism services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Canada (continued)	<p>Cross-Border Supply</p> <p>FOOD SERVICES: Market Access: None National Treatment: None</p>	<p>FOOD SERVICES: Market Access: None National Treatment: None</p>	<p>FOOD SERVICES: Market Access:</p> <ul style="list-style-type: none"> • Nova Scotia: New licenses to sell liquor on the premises require majority approval in a public vote. • Quebec: Persons holding 10 percent or more of the voting shares of a firm not listed on a Canadian stock exchange that sells liquor in a tavern, restaurant, or bar are required to be Canadian citizens or permanent residents. The sale of liquor is limited to federally incorporated companies. • Saskatchewan: The majority of shareholders of a tavern, restaurant or bar that sells liquor must be Canadian citizens and the manager must be a Canadian citizen or permanent resident. <p>National Treatment:</p> <ul style="list-style-type: none"> • Ontario: Non-residents are required to pay a 20-percent land transfer tax on the purchase of recreational property. The majority of the board of directors for any entity selling alcoholic beverages must be Canadian citizens or landed immigrants and ordinarily resident in Ontario. • Alberta: Any company selling alcoholic beverages must have at least one permanent resident on its board of directors. Agents or managers of establishments that sell alcoholic beverages must be Canadian citizens resident in the Province. • Newfoundland and Nova Scotia: Agents or managers of establishments that sell alcoholic beverages must be Canadian citizens resident in the Province. 	<p>FOOD SERVICES: Market Access: Unbound other than:</p> <ul style="list-style-type: none"> • Quebec: Those selling liquor in a restaurant or tavern must be citizens and residents. • Alberta, Saskatchewan, and Ontario: Only permanent residents may sell alcoholic beverages. • Nova Scotia: Licenses to sell alcoholic beverages are granted to Canadian citizens only. • Manitoba: Citizenship and residency are required to sell alcoholic beverages. <p>National Treatment:</p> <ul style="list-style-type: none"> • Unbound except as indicated in the cross-industry commitments. 	<ul style="list-style-type: none"> • CPC 642, 643 • Includes food and beverage serving services.

Industry-specific limitations: Travel and tourism services

Mode of Supply		Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Canada (continued)	Cross-Border Supply	TRAVEL AGENCIES: Market Access: None National Treatment: None	TRAVEL AGENCIES: Market Access: None National Treatment: • Travel agencies in British Columbia must have at least one partner in a partnership or one of the directors of a corporation who is ordinarily resident in the Province.	TRAVEL AGENCIES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Limitations indicated in the cross industry commitments. • Ontario: Residency required for individual travel agents and travel wholesalers. • Quebec: Residency required for individual travel counsellors and travel agents.	• CPC 7471 • Includes tour operators and travel agencies.
	Mode of Supply	TRAVEL AGENCIES: Market Access: • Ontario and Quebec: Travel agency wholesale services must be supplied through a commercial presence. National Treatment: • Ontario: Residency required for travel agents and travel wholesalers. • Quebec: Residency required for travel agents and travel counsellors.	TRAVEL AGENCIES: Market Access: None National Treatment: None	TRAVEL AGENCIES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Limitations indicated in the cross industry commitments. • Ontario: Residency required for individual travel agents and travel wholesalers. • Quebec: Residency required for individual travel counsellors and travel agents.	• CPC 7471 • Includes tour operators and travel agencies.
European Union ³ (EU)	Cross-Border Supply	TRAVEL AGENCIES: Market Access: Unbound National Treatment: Unbound	TOURIST GUIDE SERVICES: Market Access: Unbound National Treatment: Unbound	TOURIST GUIDE SERVICES: Market Access: Unbound National Treatment: Unbound	• Canada did not offer commitments on Tourist Guide Services.
	Mode of Supply	TRAVEL AGENCIES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	TOURIST GUIDE SERVICES: Market Access: None National Treatment: None	TOURIST GUIDE SERVICES: Market Access: Unbound National Treatment: Unbound	• CPC 641 • Includes hotels.
European Union ³ (EU)	Cross-Border Supply	FOOD SERVICES: Market Access: None National Treatment: None	FOOD SERVICES: Market Access: None National Treatment: None	FOOD SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 642, 643 • Includes restaurants and catering, except catering in the transport services sector.
	Mode of Supply	FOOD SERVICES: Market Access: Unbound due to a lack of technical feasibility other than: • None for catering. National Treatment: Unbound due to a lack of technical feasibility other than: • None for catering.	FOOD SERVICES: Market Access: None National Treatment: None	FOOD SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 642, 643 • Includes restaurants and catering, except catering in the transport services sector.
European Union ³ (EU)	Cross-Border Supply	TRAVEL AGENCIES: Market Access: None National Treatment: None	TRAVEL AGENCIES: Market Access: None National Treatment: None	TRAVEL AGENCIES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7471 • Includes tour operators, travel agencies, and tour managers.
	Mode of Supply	TRAVEL AGENCIES: Market Access: None National Treatment: None	TRAVEL AGENCIES: Market Access: None National Treatment: None	TRAVEL AGENCIES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7471 • Includes tour operators, travel agencies, and tour managers.
European Union ³ (EU)	Cross-Border Supply	TOURIST GUIDE SERVICES: Market Access: None National Treatment: None	TOURIST GUIDE SERVICES: Market Access: None National Treatment: None	TOURIST GUIDE SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7472
	Mode of Supply	TOURIST GUIDE SERVICES: Market Access: None National Treatment: None	TOURIST GUIDE SERVICES: Market Access: None National Treatment: None	TOURIST GUIDE SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7472

Industry-specific limitations: Travel and tourism services

Mode of Supply		Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Austria	Cross-Border Supply	LODGING SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	FOOD SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	FOOD SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	FOOD SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	FOOD SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	TOURIST GUIDE SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	TOURIST GUIDE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TOURIST GUIDE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TOURIST GUIDE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Non-EU incorporated companies must have a permanent base in Belgium and the person in charge must be an EU national. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Limitations indicated in the cross-industry commitments. • Professional certificate and 3 years of professional experience required for tour managers of groups of 10 persons or more. ⁴ National Treatment: • Conforms with EU commitments.	
	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Belgium	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Travel and tourism services

Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Denmark	<p>Cross-Border Supply</p> <p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Professional certificate and 3 years of professional experience required for tour managers of groups of 10 persons or more.⁴ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>ALL OTHER TRAVEL AND TOURISM SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>LODGING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.⁵ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.⁵ <p>FOOD SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.⁵ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments.⁵ <p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER TRAVEL AND TOURISM SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>LODGING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>FOOD SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER TRAVEL AND TOURISM SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>LODGING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>FOOD SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER TRAVEL AND TOURISM SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>LODGING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>FOOD SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
Finland	<p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Only Finnish citizens and Finnish registered organizations are granted the required license from the National Consumer Administration. <p>National Treatment:</p> <ul style="list-style-type: none"> • None 	<p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Only Finnish citizens and Finnish registered organizations are granted the required license from the National Consumer Administration. • Professional certificate and 3 years of professional experience required for tour managers of groups of 10 persons or more.⁴ <p>National Treatment:</p> <ul style="list-style-type: none"> • None 	<p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: • Limitations indicated in the cross-industry commitments. • Only Finnish citizens and Finnish registered organizations are granted the required license from the National Consumer Administration. • Professional certificate and 3 years of professional experience required for tour managers of groups of 10 persons or more.⁴ <p>National Treatment:</p> <ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • CPC 7471⁶ • Includes tour operators and travel agencies.

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Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Ireland (continued)	Cross-Border Supply	<p>ALL OTHER TRAVEL AND TOURISM SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER TRAVEL AND TOURISM SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>ALL OTHER TRAVEL AND TOURISM SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>LODGING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>FOOD SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>LODGING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>FOOD SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Local economic needs test required to open new bars, cafes and restaurants. Authorization can be denied to protect areas of historic and artistic interest.^a <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>LODGING SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>FOOD SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 		
Italy		<p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Requires an economic needs test.^a <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>TRAVEL AGENCIES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Professional certificate and 3 years of professional experience required for tour managers of groups of 10 persons or more.⁴ • Requires an economic needs test.^a <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	
	<p>TOURIST GUIDE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>TOURIST GUIDE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 	<p>TOURIST GUIDE SERVICES:</p> <p>Market Access:</p> <ul style="list-style-type: none"> • Unbound other than: <ul style="list-style-type: none"> • Limitations indicated in the cross-industry commitments. • Right to provide tourist guide services is subject to condition of nationality and reserved for local organizations of tour guides.⁷ <p>National Treatment:</p> <ul style="list-style-type: none"> • Conforms with EU commitments. 		

Industry-specific limitations: Travel and tourism services

Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Netherlands	Cross-Border Supply	ALL TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	Mode of Supply	ALL TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Portugal	Cross-Border Supply	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Authorization may be denied in order to protect areas of historic and artistic interest. ^a National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	Mode of Supply	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Authorization may be denied in order to protect areas of historic and artistic interest. ^a National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Spain	Cross-Border Supply	FOOD SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	FOOD SERVICES: Market Access: • Authorization may be denied in order to protect areas of historic and artistic interest. ^a National Treatment: • Conforms with EU commitments.	FOOD SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	Mode of Supply	FOOD SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	FOOD SERVICES: Market Access: • Authorization may be denied in order to protect areas of historic and artistic interest. ^a National Treatment: • Conforms with EU commitments.	FOOD SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Spain	Cross-Border Supply	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Firms must have a corporate base in Portugal. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	Mode of Supply	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Firms must have a corporate base in Portugal. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
Spain	Cross-Border Supply	TOURIST GUIDE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TOURIST GUIDE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TOURIST GUIDE SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. ⁷ National Treatment: • Conforms with EU commitments.	
	Mode of Supply	TOURIST GUIDE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TOURIST GUIDE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TOURIST GUIDE SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Access is subject to condition of nationality. ⁷ National Treatment: • Conforms with EU commitments.	
Spain	Cross-Border Supply	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Authorization may be denied in order to protect areas of historic and artistic interest. ^a National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	Mode of Supply	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Authorization may be denied in order to protect areas of historic and artistic interest. ^a National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

Industry-specific limitations: Travel and tourism services

Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
Spain (continued)	Cross-Border Supply				
	FOOD SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	FOOD SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	FOOD SERVICES: Market Access: • Authorization may be denied in order to protect areas of historic and artistic interest. ⁹ National Treatment: • Conforms with EU commitments.	FOOD SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	TOURIST GUIDE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TOURIST GUIDE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TOURIST GUIDE SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TOURIST GUIDE SERVICES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Right to provide tourist guide services is subject to condition of nationality and reserved for local organizations of tour guides. ⁷ National Treatment: • Conforms with EU commitments.	
Sweden	LODGING SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: None	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	LODGING SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	TRAVEL AGENCIES: Market Access: Unbound ¹⁰ National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: • Commercial presence is required. National Treatment: • Conforms with EU commitments.	TRAVEL AGENCIES: Market Access: Unbound other than: • Limitations indicated in the cross-industry commitments. • Professional certificate and 3 years of professional experience required for tour managers of groups of 10 or more persons. ⁴ National Treatment: • Conforms with EU commitments.	• CPC 7471 ¹¹ • Includes tour operators and travel agency services.
	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL OTHER TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	

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Country	Mode of Supply	Consumption Abroad	Commercial Presence	Presence of Natural Persons	Comments
United Kingdom	Cross-Border Supply ALL TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	ALL TRAVEL AND TOURISM SERVICES: Market Access: • Conforms with EU commitments. National Treatment: • Conforms with EU commitments.	
	LODGING SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	LODGING SERVICES: Market Access: None National Treatment: None	LODGING SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	LODGING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 6411, 6412, and 64194. • Includes hotels.
Japan	FOOD SERVICES: Market Access: Unbound due to lack of technical feasibility other than: • None for catering. National Treatment: Unbound due to lack of technical feasibility other than: • None for catering.	FOOD SERVICES: Market Access: None National Treatment: None	FOOD SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	FOOD SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 6421, 6422, 6423, 6431 6432 • Includes restaurant and catering services.
	TRAVEL AGENCIES: Market Access: None National Treatment: None	TRAVEL AGENCIES: Market Access: None National Treatment: None	TRAVEL AGENCIES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	TRAVEL AGENCIES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7471 • Includes tour operators and travel agencies.
Mexico	TOURIST GUIDE SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	TOURIST GUIDE SERVICES: Market Access: None National Treatment: None	TOURIST GUIDE SERVICES: Market Access: None National Treatment: • None except as indicated in the cross-industry commitments.	TOURIST GUIDE SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 7472
	LODGING SERVICES: Market Access: • Unbound due to lack of technical feasibility. National Treatment: • Unbound due to lack of technical feasibility.	LODGING SERVICES: Market Access: None National Treatment: None	LODGING SERVICES: Market Access: • Foreign investors may invest up to 100 percent of registered capital in lodging enterprises. • Investors must acquire a license and permit from federal and local authorities. National Treatment: None	LODGING SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.	• CPC 6411, 6412, 64192, 64193, 64194, 64195 • Includes hotels, motels, board and lodging in guest houses, youth hostels and temporary camping facilities, and mobile homes (trailer parks).

Industry-specific limitations: Travel and tourism services

Country	Mode of Supply	Consumption: Abroad	Commercial Presence	Presence of Natural Persons	Comments
Mexico (continued)	<p>Cross-Border Supply</p> <p>FOOD SERVICES: Market Access: • None for restaurant services. • Unbound for cabarets, night clubs, canteens, bars, and taverns due to lack of technical feasibility.</p> <p>National Treatment: • None for restaurant services. • Unbound for cabarets, night clubs, canteens, bars, and taverns due to lack of technical feasibility.</p>	<p>FOOD SERVICES: Market Access: None National Treatment: None</p>	<p>FOOD SERVICES: Market Access: • Foreign investors may invest up to 49 percent of registered capital in food service enterprises, cabarets, and night clubs, and up to 100 percent in canteens, bars, and taverns. • Investors must acquire a license and permit from federal and local authorities. National Treatment: None</p>	<p>FOOD SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 642, 6431, 6432 • Includes restaurants, cabarets, night-clubs, canteens, bars, and taverns.
	<p>TRAVEL AGENCIES: Market Access: Unbound National Treatment: Unbound</p>	<p>TRAVEL AGENCIES: Market Access: None National Treatment: None</p>	<p>TRAVEL AGENCIES: Market Access: • Foreign investment is limited to 100 percent. • Investors must acquire a license and permit from federal and local authorities. National Treatment: None</p>	<p>TRAVEL AGENCIES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 7471 • Includes tour operators and travel agencies.
	<p>TOURIST GUIDE SERVICES: Market Access: Unbound National Treatment: Unbound</p>	<p>TOURIST GUIDE SERVICES: Market Access: None National Treatment: None</p>	<p>TOURIST GUIDE SERVICES: Market Access: • Foreign investment is limited to 100 percent. • Investors must acquire a license and permit from federal and local authorities. National Treatment: None</p>	<p>TOURIST GUIDE SERVICES: Market Access: • Unbound except as indicated in the cross-industry commitments. National Treatment: • Unbound except as indicated in the cross-industry commitments.</p>	<ul style="list-style-type: none"> • CPC 7472

¹ Industry-specific limitations do not represent all applicable restrictions. For additional limitations that may affect tourism services, see cross-industry commitments in appendix H.

² Central Product Classification system. A comprehensive list of the product classifications can be found in appendix G.

³ Additional commitments are listed under the relevant EU member states' individual commitments.

⁴ This text differs from the original offer to include further clarification of the schedule submitted by the European Union in July 1995.

⁵ This text differs from the original offer to account for changes made in the schedule when combining Finland's schedule to that of the European Union. Finnish government officials, interviews by USITC staff, Geneva, July 24, 1995.

⁶ Services covered in Finland's commitments differ from the European Union. These differences reflect the classifications listed in the schedules before Finland entered the European Union.

⁷ Although nationality restrictions technically refer to a specific country, EU legislation expands it in practice to all EU citizens. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

⁸ This applies to many situations, from constructing a building to opening a McDonald's in the middle of an historic district. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

⁹ Example of such needs test are not available. EU Commission officials, interviews by USITC staff, Brussels, July 19, 1995.

¹⁰ This text differs from the original offer to account for changes made in the schedule when combining Sweden's with that of the European Union. EU Commission officials, interviews with USITC staff, Brussels, July 19, 1995.

¹¹ Services covered in Sweden's commitments differ from the European Union. These differences reflect the classification listed in the schedules before Sweden entered the European Union.

Source: World Trade Organization, General Agreement on Trade in Services (GATS), Austria: Schedule of Specific Commitments (GATS/SC/7), Apr. 1994; GATS, Canada: Schedule of Specific

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Commitments (GATS/SC/16), Apr. 1994; GATS, European Union: Schedule of Specific Commitments (GATS/SC/31), Apr. 1994; GATS, Finland: Schedule of Specific Commitments (GATS/SC/33), Apr. 1994; GATS, Japan: Schedule of Specific Commitments (GATS/SC/46), Apr. 1994; GATS, Mexico: Schedule of Specific Commitments (GATS/SC/56), April 1994, GATS, Sweden: Schedule of Specific Commitments (GATS/SC/82), Apr. 1994; EU Commission officials, interviews by USITC staff, Brussels, July 18-20, 1995; World Trade Organization officials, interviews by USITC staff, Geneva, July 24-25, 1995; Organization for Economic Co-operation and Development officials, interviews by USITC staff, Paris, July 19-21; domestic fieldwork, Dec. 1994- May 1995, and facsimiles received from officials of the Japanese, Mexican, and Canadian governments, Dec. 1994-May 1995.

