



# **CEFTA FATS Workshop**

## **GATS and FATS**

**Brussels, Belgium  
9 – 10 December 2014**



# Specific Features of Trade in Services

Services represent approximately 20% of total world trade and account for the 2/3 of GDP

## Intangible nature

- Many services require physical proximity of provider and consumer:  
⇒ services perceived as **less easily tradable** than goods

## Conventional trade statistics do not cover all international supply of services

- Services delivered by foreign affiliates > conventional international trade in services

# The GATS

## System of rules covering international trade in services

- **Measures affecting trade in services at all government levels**
- **Covers all services**  
(except: air traffic rights and services supplied in the exercise of governmental authority)
- **Identifies 4 modes for supplying services**
  - Cross-border supply
  - Consumption abroad
  - Commercial presence
  - Presence of natural persons
- **Applies to product (service) and producer/distributor (services supplier)**

# The GATS

## Example: schedule of commitments - Montenegro

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

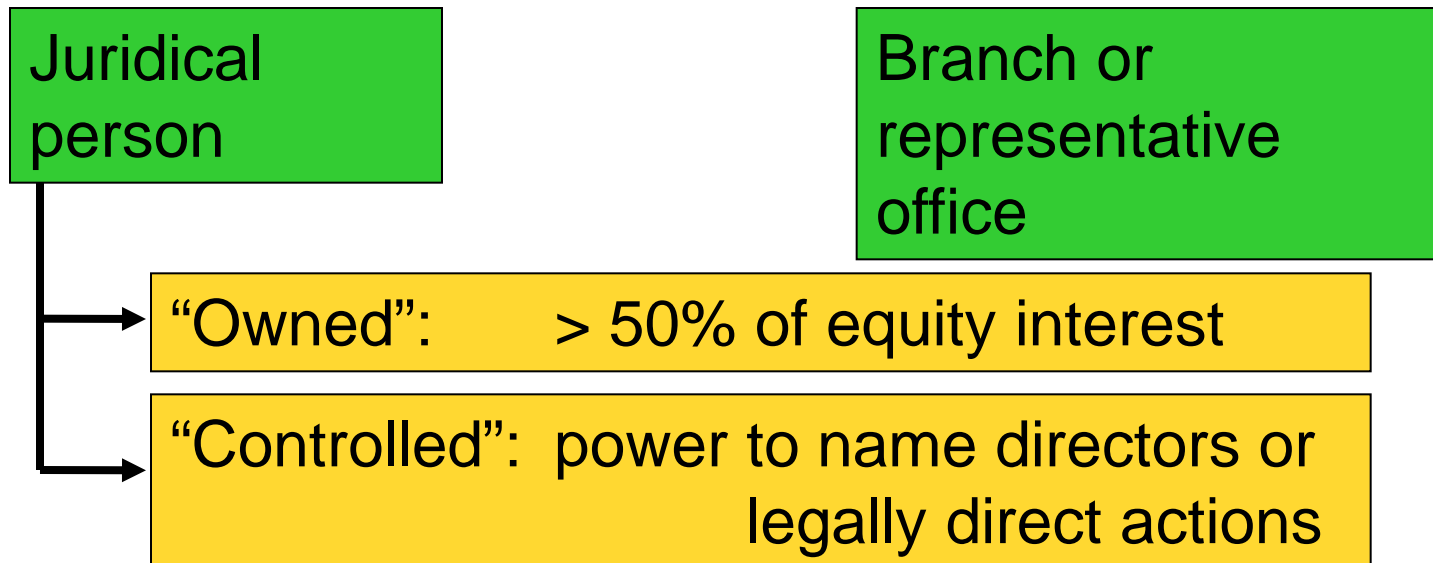
Sector or sub-Sector	Limitations on market access	Limitations on national treatment	Additional commitments
<b>I. HORIZONTAL COMMITMENTS</b>			
Public Utilities	(3) Services considered as public utilities at a national or local level may be subject to public monopolies or to exclusive rights granted to private operators.		
Subsidies		(3) Eligibility for subsidies may be limited to juridical persons established within the territory of Montenegro (...).	
		(4) To the extent that any subsidies are made available to natural persons, their availability may be limited to citizens of Montenegro (...).	
<b>II. SECTOR SPECIFIC COMMITMENTS</b>			
EDUCATIONAL SERVICES (only privately funded services)			
A. Primary education services (CPC 921)	(1) None. (2) None.	(1) None. (2) None.	
	(3) None.	(3) A private elementary school may be established only by a domestic natural or legal person.	
	(4) Unbound, except as indicated in the horizontal section.	(4) Unbound, except as indicated in the horizontal section.	

# The Commercial Presence in GATS

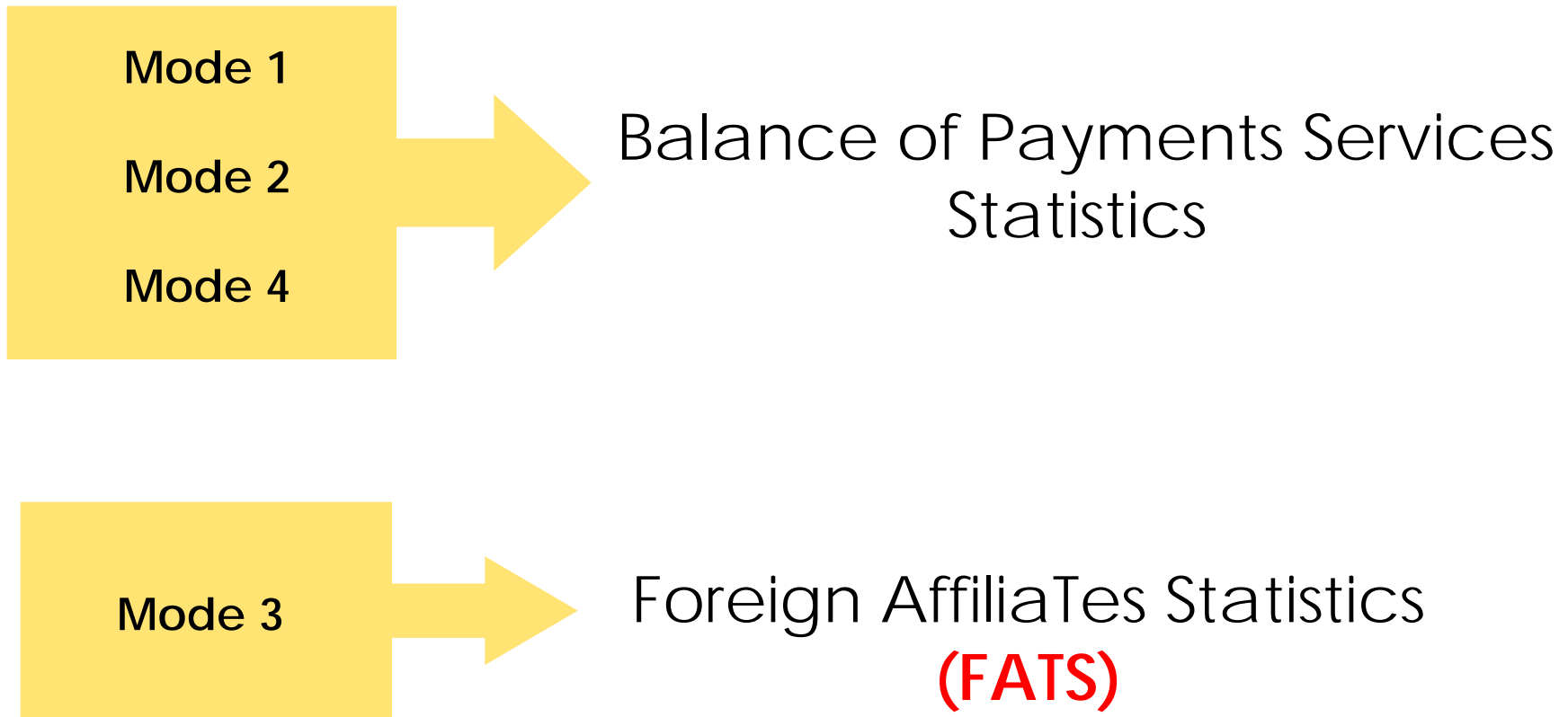
## GATS' main text

Supply of a service (...) through **commercial presence** in the territory of any other Member

## GATS' definitions: Commercial presence

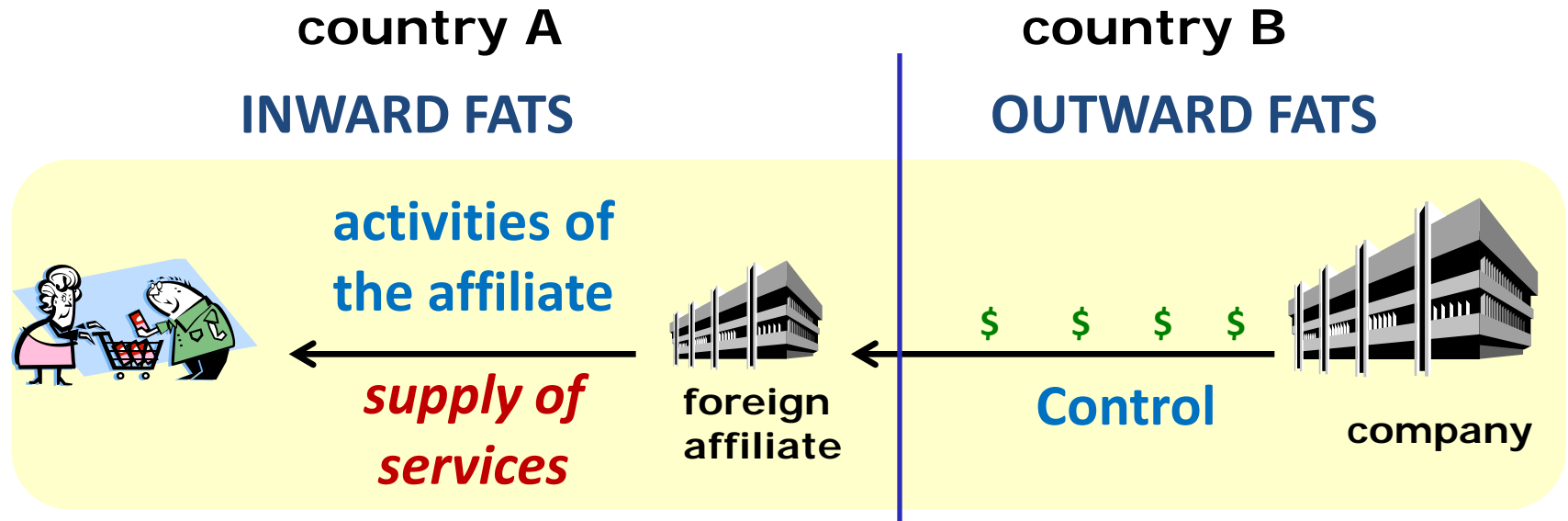


# GATS Modes of Supply and Statistical Domains: **Simplified approach**



# FATS – what they are

## Summary of the statistical framework



**Foreign direct investment statistics (FDI)**

=> (international) financial transactions

**FATS**

=> indicators of the activity of the foreign controlled enterprises

# Why are **FATS** needed in the context of WTO and other agreements?



Decision-making



Market access



Negotiate



Compare



Quantify



Dispute settlement

Useful for economic analysis  
also for the private sector



# Constraints of Incomplete/Limited Data in Negotiations

