

Trade Leaders See Proof Of Concept In WTO Services Pact

By **Alex Lawson**

Law360, London (December 3, 2021, 8:00 PM GMT) -- World Trade Organization leaders are pointing to a recent deal to soften the regulation of service providers in foreign countries as evidence that the WTO's lagging negotiating can still deliver results.

Thursday saw 67 WTO delegations lock in new rules on domestic services regulation that the organization estimates could save up to \$150 billion in annual trade costs. The agreement covers areas such as licensing requirements and technical standards that can create difficulty for banking, telecommunications and other service providers in foreign markets.

João Aguiar Machado, the European Union's WTO envoy, immediately held up the completion of the services regulation as evidence that the global trade body's negotiating function can still operate.

"Today, we prove [that a] large and diverse group of WTO members can work together towards a common objective, overcome their differences, show flexibility and agree on tangible results that are important for businesses and consumers." he said at a press conference in Geneva.

WTO Director-General Ngozi Okonjo-Iweala similarly pushed for WTO members to use the new services deal as a springboard.

"It shows that the WTO is capable of responding to present issues of the day and making rules," she said.

The WTO has struggled to complete a wholesale rewrite of global trade rules for more than two decades, and has more recently pivoted its focus to smaller-scale deals covering specific sectors or certain issues such as services regulations.

The services regulation talks have generally been aimed at improving the transparency and legal predictability of services regulations across the globe.

Former Deputy U.S. Trade Representative Robert Holleyman, now a partner at Crowell & Moring LLP, said the deal is an "important signal" that WTO members can get together and strike deals, but also stressed that the services arrangement is more than just symbolic.

"The agreement can provide real value to the large U.S. services industry by providing greater

transparency and reducing friction points for our services exports and foreign sales," Holleyman told Law360.

While the deal was completed among just 67 of the WTO's more than 160 member countries, that group represents more than 90 percent of global services trade. It will also apply on a most-favored nation basis, meaning its benefits will extend to the entire WTO membership.

The negotiations began on the sidelines of the WTO's 2017 ministerial summit, with a group of countries launching the Joint Initiative on Services Domestic Regulation. It attracted more interest over the years, including from the U.S., which joined the effort earlier this year. U.S. Trade Representative Katherine Tai hailed the accord in a statement Thursday.

"This initiative is the first successful WTO services negotiation in years, and shows how WTO members can take practical, common sense steps to address clearly defined trade problems," she said.

--Editing by Stephen Berg.