CURRENT DEVELOPMENTS REGARDING THE GATS AND LEGAL SERVICES: THE CANCUN MINISTERIAL GATS NEGOTIATIONS

by Laurel S. Terry

This is an update on the General Agreement on Trade in Services (GATS) and how it affects legal services. Because the U.S. is a member of the World Trade Organization (WTO), it is bound by the provisions of the GATS. For background information about the GATS and legal services, see the author’s previous BAR EXAMINER articles.¹

During the fall of 2003, several significant developments occurred that are relevant to the GATS and legal services. These developments include the suspension of some GATS negotiations following the WTO’s Fifth Ministerial Conference in Cancun, Mexico, two resolutions adopted by the International Bar Association, and continued publicity in the U.S. concerning the GATS. This update on the GATS addresses the Cancun Ministerial Conference. An upcoming BAR EXAMINER article will examine the recent publicity in the U.S. regarding the GATS, which includes the activities of the new ABA GATS Task Force. That piece will also explain the two resolutions unanimously adopted by the International Bar Association (IBA) in September 2003 that relate to the GATS.

The treaty creating the WTO requires that a “Ministerial Conference” be held “at least once every two years.” The Ministerial Conference is the WTO’s highest-level decision-making body. Since its formation in 1994, the World Trade Organization has held a “Ministerial Conference” every two years.²

As noted in a prior BAR EXAMINER article, in November 2001, at the Fourth Ministerial Conference, WTO Member States agreed to a new round of trade negotiations called the Doha Development Agenda or Doha Round.³ These Doha negotiations, which include negotiations concerning trade in legal services, originally were scheduled to end on January 1, 2005. In the prior BAR EXAMINER articles, I have referred to the Doha Round negotiations regarding legal services as Track #1 of the GATS.⁴

At the time when the deadlines for these Track #1 negotiations were set, WTO Member States agreed that at the WTO’s Fifth Ministerial Conference, they would engage in “stock-taking” regarding the status of these ongoing negotiations.⁵ The Fifth Ministerial Conference took place in Cancun, Mexico, on September 10-14, 2003. During this Conference, a number of WTO Member States expressed significant differences about the direction of the Doha negotiations, especially with regard to issues involving agriculture and the so-called “Singapore Issues.”³ By the end of the Cancun Conference, the Doha negotiations had broken down and there was no consensus and no Ministerial Declaration.

Following the breakdown of negotiations at Cancun, the WTO Director General and the General Council Chair jointly issued a statement announcing the suspension of various WTO negotiations that
included the Track #1 negotiations regarding the GATS and legal services. Although the European Union recently issued a paper and press release calling for resumption of the Doha negotiations, the Track #1 GATS negotiations had not yet resumed at the time this article was written.

Despite the suspension of Track #1 negotiations following Cancun, WTO Member States have continued to negotiate in the WTO Working Party on Domestic Regulation concerning Track #2 of the GATS. As noted in a prior BAR EXAMINER article, Track #2 of the GATS addresses the issue of whether to apply the Disciplines for Domestic Regulation in the Accountancy Sector, S/L/64 ("the Accountancy Disciplines") to other service sectors, such as legal services. Therefore, as the prior BAR EXAMINER article urged, lawyers and regulators in the U.S. and elsewhere should consider the issue of whether the Accountancy Disciplines are suitable for the legal profession. This issue was the subject of one of the IBA's September 2003 resolutions and likely will be considered in the future by the ABA GATS Task Force. Therefore, it is appropriate and timely for U.S. lawyers and regulators to begin thinking about these issues.

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ENDNOTES


4. Track #1 is discussed in the first BAR EXAMINER article. See 71 BAR EXAMINER 2:25 (May 2002), also available at http://www.personal.psu.edu/faculty/l/s/lst3/publications%20by%20topic.htm#2. This term refers to the GATS negotiations that currently are underway. Article XIX of the GATS required WTO Members to engage in successive rounds of negotiations within five years of the signing of the GATS. The intent of these negotiations is to achieve a progressively higher level of liberalization.

5. See Ministerial Declaration, supra note 5 (“The Fifth Session of the Ministerial Conference will take stock of progress in the negotiations, provide any necessary political guidance, and take decisions as necessary.”)

6. The “Singapore Issues” concern trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation. See, e.g., http://www.wto.org/english/thewto_e/minist_e/min03_e/min03_11sept_e.htm; and http://commerce.nic.in/wto/sept03.htm#1 (Government of India’s summary of the Cancun breakdown).

7. Track #1 is discussed in the first BAR EXAMINER article. See 71 BAR EXAMINER 2:25 (May 2002), also available at http://www.personal.psu.edu/faculty/l/s/lst3/publications%20by%20topic.htm#2.


12. See 71 BAR EXAMINER 2:25, 26-27 (May 2002) explaining Track #2 of the GATS. The BAR EXAMINER article, the Accountancy Disciplines themselves, and commentary from other bar associations are available at the GATS website of the ABA Center for Professional Responsibility, see http://www.abanet.org/cpr/gats/gats_home.html and at Professor Terry’s website, see http://www.personal.psu.edu/faculty/l/s/lst3/wpdr-web.htm.