This article is the second in a series intended to provide bar examiners with background information about the General Agreement on Trade in Services (the GATS). The first article (in the May 2002 issue of this magazine) explained how the GATS might affect the regulation of legal services in the U.S., and noted two ongoing “tracks” of GATS activities relevant to legal services. In that article, I mentioned that I had agreed to provide periodic updates about what is happening on the GATS front.

The June 30, 2002, “Requests” the U.S. Received Concerning Legal Services

One of the two developments or “tracks” of GATS activities involves the ongoing negotiations to further liberalize trade in services, including legal services. As my prior article explained, World Trade Organization (WTO) Member States (including the U.S.) have agreed to participate in a new round of trade negotiations called the Doha Development Agenda or “the Doha Round,” so called because the agreement for these negotiations was reached at a November 2001 meeting in Doha, Qatar.

At that November 2001 meeting, WTO Member States agreed that June 30, 2002, was the deadline by which WTO Member States should submit their initial “requests” to other WTO Member States. In a “request,” one WTO country will ask another WTO country to remove or modify a specific regulation that allegedly constitutes a barrier to trade. Thus, by June 30, 2002, the U.S. undoubtedly received some requests from other WTO Member States who wanted changes in some of the U.S. state rules governing foreign lawyers. (For example, the European Community’s draft requests sought several changes in U.S. lawyer regulations, including elimination of in-state residency requirements and elimination of the prior practice requirements in U.S. foreign legal consultant rules.)

When I originally agreed to write an article for the November 2002 issue of THE BAR EXAMINER, I anticipated that I would write about the June 30, 2002, requests that the U.S. had received concerning legal services. Being new to the trade law world, I had expected that the contents of the requests received by the U.S. concerning legal services would be available for review. (Because the U.S. will
respond to these requests in its March 31, 2003, offers, I assumed that the relevant state officials would be notified of the contents of the requests the U.S. had received.) I have since been advised, however, that requests are considered confidential “government-to-government” communications and are not made publicly available. The U.S. Trade Representative is currently exploring ways to share the contents of these requests even if the documents themselves cannot be shared; thus, there may be a future release of information about the requests received.

In the meantime, this article will address two other recent developments relevant to the GATS and legal services. First, the article will focus on the Final Report of the ABA Multijurisdictional Practice Commission and the relationship between that report and the GATS. Second, the article will address the September 19, 2002, Federal Register Notice of Hearing and Request for Comments that solicited comments about the GATS and legal services.

THE ABA MJP COMMISSION
RECOMMENDATIONS CONCERNING
FOREIGN LAWYERS

In August 2000, the American Bar Association (ABA) created a Commission on Multijurisdictional Practice (the MJP Commission). The charge to the MJP Commission was to:

research, study and report on the application of current ethics and bar admission rules to the multijurisdictional practice of law. The Commission shall analyze the impact of those rules on the practices of in-house counsel, transactional lawyers, litigators and arbitrators and on lawyers and law firms maintaining offices and practicing in multiple state and federal jurisdictions. The Commission shall make policy recommendations to govern the multijurisdictional practice of law that serve the public interest and take any other action as may be necessary to carry out its jurisdictional mandate. The Commission shall also review international issues related to multijurisdictional practice in the United States.1

The MJP Commission held numerous hearings, received many written comments, issued an interim report and issued its Final Report in June 2002.2 The Final Report included nine recommendations, two of which directly addressed U.S. regulation of foreign lawyers. Before the ABA House of Delegates voted on the MJP Commission’s recommendations, the MJP Commission accepted “friendly amendments” to three of its nine recommendations.3 On August 12, 2002, the ABA House of Delegates approved all nine of the MJP Commission’s recommendations.

Recommendations 8 and 9 (Report 201 H and J) address foreign lawyers. Recommendation 8 concerns lawyers who wish to “establish” themselves in the U.S. and be able to practice on a permanent, albeit limited, basis. Recommendation 9 addresses the issue of temporary practice by foreign lawyers. The two resolutions concerning foreign lawyers that were adopted state:

RESOLVED, that the American Bar Association encourage jurisdictions to adopt the ABA Model Rule for the Licensing of Legal Consultants, dated August 1993.4

RESOLVED, that the American Bar Association adopts the proposed Model Rule for Temporary Practice by Foreign Lawyers, dated August 2002.5
The Model Rule for Temporary Practice by Foreign Lawyers was based on the MJP Commission’s recommendations concerning proposed amendments to ABA Model Rule of Professional Conduct 5.5. Model Rule of Professional Conduct 5.5, as amended, is titled “Unauthorized Practice of Law; Multijurisdictional Practice of Law”; it sets forth acceptable parameters for temporary practice by U.S. lawyers in states in which they are not licensed. Although the Model Rule for Temporary Practice by Foreign Lawyers is similar to amended Model Rule 5.5 in many respects, it also is more restrictive. The new temporary practice rule is set out in the sidebar on this page.

The MJP Commission’s recommendations, which were adopted on August 12, 2002, supplement and complete the amendments to the ABA Model Rules of Professional Conduct that the ABA adopted in February 2002 at the recommendation of the “Ethics 2000 Commission.” In order for any of these amendments to the ABA Model Rules of Professional Conduct to be effective, however, the amendments must be adopted by the appropriate state entities. Many states have begun an evaluation of the Ethics 2000 Commission amendments and are considering whether to change their ethics rules in light of the ABA’s amendments to the ABA Model Rules of Professional Conduct. I hope that the recommendations of the MJP Commission will be considered at the same time that states consider the Ethics 2000 Commission’s recommendations.

THE RELATIONSHIP BETWEEN THE GATS AND THE ABA MJP COMMISSION RECOMMENDATIONS

So, . . . how is the GATS related to the MJP Commission’s recommendations that were adopted

Recommendation 9—Temporary Practice By Foreign Lawyers

RESOLVED, that the ABA adopts the proposed Model Rule for Temporary Practice by Foreign Lawyers:

(a) A lawyer who is admitted only in a non-United States jurisdiction shall not, except as authorized by this Rule or other law, establish an office or other systematic and continuous presence in this jurisdiction for the practice of law, or hold out to the public or otherwise represent that the lawyer is admitted to practice law in this jurisdiction. Such a lawyer does not engage in the unauthorized practice of law in this jurisdiction when on a temporary basis the lawyer performs services in this jurisdiction that:

(1) are undertaken in association with a lawyer who is admitted to practice in this jurisdiction and who actively participates in the matter;

(2) are in or reasonably related to a pending or potential proceeding before a tribunal held or to be held in a jurisdiction outside the United States if the lawyer, or a person the lawyer is assisting, is authorized by law or by order of the tribunal to appear in such proceeding or reasonably expects to be so authorized;

(3) are in or reasonably related to a pending or potential arbitration, mediation or other alternative dispute resolution proceeding held or to be held in this or another jurisdiction, if the services arise out of or are reasonably related to the lawyer’s practice in a jurisdiction in which the lawyer is admitted to practice;

(4) are not within paragraphs (2) or (3) and

   (i) are performed for a client who resides or has an office in a jurisdiction in which the lawyer is authorized to practice to the extent of that authorization; or

   (ii) arise out of or are reasonably related to a matter that has a substantial connection to a jurisdiction in which the lawyer is authorized to practice to the extent of that authorization; or

(5) are governed primarily by international law or the law of a non-United States jurisdiction.

(b) For purposes of this grant of authority, the lawyer must be a member in good standing of a recognized legal profession in a foreign jurisdiction, the members of which are admitted to practice as lawyers or counselors at law or the equivalent and subject to effective regulation and discipline by a duly constituted professional body or a public authority.
The answer is that the MJP Commission’s foreign lawyer recommendations are directly relevant to U.S. trade policy and likely will influence that policy. The treatment of these MJP Commission recommendations by U.S. states is likely to influence both the requests that the U.S. makes to other WTO Member States and the requests that the U.S. receives from other WTO Member States.

With respect to the requests that the U.S. receives from other WTO Member States, some countries likely have requested or will request greater adoption of the ABA Model Rule for the Licensing of Legal Consultants (the ABA Model FLC Rule). Many U.S. states have not adopted the ABA Model FLC Rule. Further, some of those U.S. states that have FLC rules have versions that are different from the ABA Model FLC Rule and that place additional restrictions on foreign lawyers. The draft European Community requests reported in the May 2002 BAR EXAMINER article suggest that some WTO Member States are likely to request more widespread adoption of the FLC rule and fewer restrictions. In short, the responses by U.S. states to MJP Commission Recommendation 8 likely will affect the nature of the requests received by the U.S. and the dynamics of U.S. trade policy.

On the other hand, the reaction by state regulators to the MJP Commission’s recommendations could also affect the requests that the U.S. makes to other WTO countries. It is no secret that some U.S. lawyers practice on a temporary basis in other countries. Some of these lawyers would like their situations to enter their country and provide services. Other U.S. lawyers have told me that they have avoided this problem by using a tourist visa when visiting another country to provide temporary legal services, but have been uncomfortable doing so. These lawyers would like the U.S. requests to address such issues of temporary practice by U.S. lawyers. Yet it seems unlikely that the U.S. Trade Representative would make such a request unless and until one or two U.S. jurisdictions considered important by foreign lawyers, such as New York or California or the District of Columbia, adopt the Model Rule for Temporary Practice by Foreign Lawyers.

Thus, U.S. trade policy on legal services may very well be influenced by the action or inaction of U.S. states with respect to adopting Recommendations 8 and 9 of the MJP Commission’s Report. If a sufficient number of states do adopt Recommendations 8 and 9, the substance of these provisions may be included by the U.S. when responding to other countries’ requests for greater liberalization of legal services in the U.S. Adoption of the MJP Commission’s Recommendations 8 and 9 may also encourage the U.S. Trade Representative to include comparable treatment in the requests the U.S. submits to other WTO Member States.

The Federal Register Notice of Hearing and Request for Comments About GATS and Legal Services

The second event that has recently occurred in the U.S. that is relevant to the GATS and legal services is a September 19, 2002, Federal Register notice by the U.S. Trade Representative (USTR). This notice announced a public hearing for comments on market access and other issues related to the Doha Round to be held in Washington, D.C., on November 6, 2002. It also announced a deadline of November 8, 2002, for
submission of written comments. (This notice, excerpts from which appear at right, can be found at 67 Fed. Reg. 59806 (Sept. 19, 2002), and is also available on the USTR’s website as a link from http://www.ustr.gov/fr/index.shtml.) A close reading of this notice reveals that the U.S. Trade Representative has sought input about both tracks of WTO developments that were discussed in the May 2002 Bar Examiner article. Moreover, the Federal Register notice solicited comments on several different issues that are implicated by these two tracks.

The first development, or track, discussed in my May 2002 article was the effort by WTO Member States to develop a horizontal “discipline” for domestic regulation. The obligation of WTO Member States to develop disciplines stems from GATS Article VI. Article VI specifies that the Council for Trade in Services (i.e., all WTO Member States) shall develop any necessary disciplines and that such disciplines shall aim to ensure that domestic regulation requirements are, inter alia:

(a) based on objective and transparent criteria, such as competence and the ability to supply the service; [and]

(b) not more burdensome than necessary to ensure the quality of the service (emphasis added).

The Federal Register notice sought input about the development of such a discipline and specifically mentioned that such a discipline might address the issues of “transparency” and “necessity.” If WTO Member States were to reach agreement about a horizontal discipline on domestic regulation, such a discipline could possibly affect the regulation of lawyers in the U.S. First, a “transparency” requirement in such a discipline could conceivably require a state regulator to change the manner in which it

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The Federal Register Notice

The U.S. Trade Representative recently published a Request for Comments and Notice of Public Hearing Concerning Market Access in the Doha Development Agenda Negotiations in the World Trade Organization (WTO) in the Federal Register. Excerpts from this notice that are relevant to the regulation of legal services include the following:

The Doha Development Agenda agreed to at the WTO’s Fourth Ministerial Meeting and set out in the Doha Declaration establishes a negotiating agenda that is to be accomplished within three years (i.e., not later than January 1, 2005), and sets out a certain number of issues to be considered further at the next ministerial meeting of the WTO scheduled for September 10-14, 2003.

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For services, topics for negotiating objectives include removal or reduction of barriers to U.S. services exports under existing GATS disciplines; establishment of new GATS disciplines to ensure effective market access, e.g., proposed disciplines on domestic regulations on services, possibly addressing transparency and necessity; and clarification of sectoral definitions in the Agreement. The United States submitted its initial requests for specific commitments on July 1, 2002 and intends to submit its initial offer by the scheduled deadline of March 31, 2003. Services sectors under consideration in the negotiations include: (1) Business services (including professional and related services such as legal, accounting, auditing and bookkeeping, taxation, medical, dental, veterinary, engineering, architectural, and urban planning services)

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As provided in the regulations of the TPSC [the Trade Policy Staff Committee] (15 CFR part 2003), the Chairman of the TPSC invites written comments and/or oral testimony of interested parties at a public hearing. Comments and testimony may address the reduction or elimination of tariffs or non-tariff barriers on any articles provided for in the HTSUS [the Harmonized Tariff Schedule of the United States] that are products of a WTO member country, any concession which should be sought by the United States, or any other matter relevant to the market access and services negotiations in the Doha Development Agenda negotiations. The TPSC invites comments and testimony on all of these matters, and in light of the schedule for presenting market access offers, in particular seeks comments and testimony addressed to:

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(c) Existing barriers to trade in services between the United States and other WTO members and the economic benefits and costs of removing such barriers.

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Interested persons . . . may submit written comments by noon, Friday November 8, 2002. Written comments may include rebuttal points demonstrating errors of fact or analysis not pointed out in the hearing. All written comments must state clearly the position taken, describe with particularity the supporting rationale, and be in English. The first page of written comments must specify the subject matter including, as applicable, the . . . service sector(s).
develops and publicizes its rules affecting lawyers. Second, any definition of the concept of “necessity” likely will be important. In order to evaluate whether U.S. lawyer regulations are “more burdensome than necessary,” it would be useful to have a definition of the term “necessary.” Several bar associations from other countries, for example, have expressed the view that legal services should either be addressed in a separate discipline or be subject to an “annex” that explains how the concept of “necessity” applies in the specific context of legal services. To date, U.S. bar associations, regulators and lawyers have not been among those who have commented on the appropriateness of including legal services in a horizontal domestic regulation discipline or any special issues that exist for legal services.

The Federal Register notice also solicited input about the second GATS development or track, which is the ongoing Doha Round of negotiations. The Federal Register notice invited comments about the U.S. negotiating position on legal services with respect to both “inbound” and “outbound” legal services trade.

“Outbound” legal services refers to U.S. lawyers who want greater market access in foreign countries so that these U.S. lawyers can provide services outside the U.S. The Federal Register notice sought comments about “the removal or reduction of barriers to U.S. services exports under existing GATS disciplines.” U.S. lawyers who have encountered barriers when providing legal services in another country were thus invited to share their experiences with the U.S. Trade Representative and to seek assistance in persuading countries to reduce or eliminate these barriers.

The Federal Register notice also sought input about “inbound” legal services, i.e., legal services provided in the U.S. by lawyers from other countries. The U.S. Trade Representative asked for input about presenting market access offers, in which the U.S. responds to the requests received from other countries for liberalization in legal services. In particular, the U.S. Trade Representative sought comments on the existing U.S. barriers to trade in legal services and the “economic benefits and costs of removing such barriers.”

Finally, the Federal Register notice requested comments about various technical issues that are relevant to the Doha Round of negotiations and liberalization of legal services. For example, the U.S. Trade Representative sought input about “possible approaches to negotiations.” (I submitted comments to the U.S. Trade Representative in response to the Federal Register notice. One of the comments I made in my testimony concerned the methodology used in the U.S. to solicit public opinion about the U.S.’s requests. If Congress and the U.S. Trade Representative truly want public discussion about the optimal U.S. response to other countries’ requests for liberalization of legal services, then these requests must be better publicized. Furthermore, it seems logical to me that the U.S. may have difficulty achieving greater liberalization for “outbound” U.S. legal services unless U.S. states consider reducing barriers for foreign lawyers who are “inbound” to U.S. states and respond to at least some of the requests received from other countries. I think it unlikely, however, that any barriers will be reduced without a discussion of the issues. Circulation of the requests from other countries might prompt such a discussion.)

The U.S. Trade Representative also sought clarification regarding the “sectoral definitions” that have been used in the GATS negotiations. This issue of “sectoral definitions” is particularly relevant for
As the WTO Secretariat noted in its sectoral analysis of legal services, the legal services requests and offers in the prior negotiations did not match the WTO’s suggested definitions, which were based on the United Nation’s classification system.12 Accordingly, the WTO Secretariat suggested that it may be appropriate to develop a common set of definitions for legal services to use in future negotiations.

Australia responded to the Secretariat’s suggestion by circulating to WTO Member States a proposed set of definitions to use when making legal services requests and offers.13 Thus, the U.S. Trade Representative may be interested in receiving comments from U.S. lawyers and the public about Australia’s proposed definitions. For example, those responsible for developing U.S. lawyer admission rules may find it worthwhile to comment on whether the definitions listed below would prove useful when defining the acceptable scope of activities of foreign lawyers in their states. (The European Union, for example, may end up suggesting that a pared-down version of these definitions would be more useful.)

Australia suggested that the definition of “legal services” be expanded to include the twelve subcategories listed below. If WTO Member States agree with Australia’s proposal, then requests and offers concerning legal services, including requests and offers from the U.S., would be made using the terminology below:

a. **Home-country law (advisory services)**—limited to providing advice or consultancy services in the law of the legal practitioner’s home country or jurisdiction in which the practitioner has a legal right to practise law;

b. **Home-country law (representation services)**—extends to representing clients before a court or judicial body in the law of the practitioner’s home country or jurisdiction;

c. **Third-country law (advisory services)**—limited to providing advice or consultancy services in the law of a third country or jurisdiction where the practitioner has competency in the law of that country or jurisdiction;

d. **Third-country law (representation services)**—extends to representing clients before a court or judicial body in the law of a third country or jurisdiction where the practitioner has competency in the law of that country or jurisdiction;

e. **Host-country law (advisory services)**—limited to providing advice or consultancy services in the law of the host country or jurisdiction;

f. **Host-country law (representation services)**—extends to representing clients before a court or judicial body in the law of the host country;

g. **International law (advisory services)**—limited to providing advice or consultancy services in international law;

h. **International law (representation services)**—extends to representing clients before a court or judicial body in international law;

i. **International commercial arbitration services**—extends to the right to prepare and appear in international commercial arbitration on behalf of clients;
j. **Other alternative dispute resolution services**—extends to advice or consultancy and participation in mediation and similar non-court-based dispute resolution services;

k. **Preparation and certification of legal documents**—including providing advice and the execution of various tasks necessary for the drawing up or certification of documents; and

l. **Other legal advisory or consultancy services**—extends to advisory or consultation services to clients on their legal rights and obligations and providing information on legal or law-related matters not elsewhere classified.

Each of the proposed subcategories is, in effect, a combination of an area of law and type of service. Australia is of the view that it is more appropriate to define and include areas of law and types of service . . . rather than defining the service provider. The proposed approach provides Members with an opportunity to make commitments on widely recognised areas of law and types of service without the need to describe the service provider as a foreign lawyer, legal practitioner, advocate, foreign legal consultant or any other term used by individual Members. . . . Therefore, Australia considers that in expanding the definition of ‘Legal Services’ . . . Members should maintain a focus on areas of law and types of service rather than on the service provider.

As this summary shows, the September 19, 2002, *Federal Register* notice covered many different topics relevant to legal services. Unfortunately, by the time you read this article, the November 8, 2002, deadline for comments will have passed. At the risk of exposing my ignorance of administrative law and at the risk of annoying the U.S. Trade Representative, I would submit that those reading this article are stakeholders in this debate and that your views should be heard. Despite the date, I encourage you to share your views on these important issues as the U.S. develops its position on the issues described in this article. Even though the lack of information about the requests received from other countries makes it more difficult to comment on the “inbound” services addressed in the Doha negotiations track, this audience has expertise to offer concerning the classification system for legal services and the disciplines for domestic regulation. Moreover, members of this audience are also in a position to comment on whether your state will consider the advisability of adopting the ABA Model Rule for the Temporary Practice by Foreign Lawyers and adopting the ABA Model Rule for the Licensing of Legal Consultants.

**CONCLUSION**

Much has happened in the last few months with respect to GATS and legal services. I hope this article has aided you in staying abreast of these developments and might encourage you to participate in shaping the debate and the resulting agreements.

**ENDNOTES**


7. I feel confident making this statement because of the numerous times this view has been expressed to me by foreign bar leaders who are advising their trade representatives.
9. See note 8, supra.
11. The author’s testimony in response to the Federal Register notice identified six issues relevant to legal services that were implicated by the Federal Register notice. The one issue identified that is not discussed in this article concerns the proper scope of the terms “Mode 3” and “Mode 4” on a Schedule of Specific Commitments. For a copy of the author’s testimony, please contact her at LIerry@psu.edu.