
Seminar 2: “Key Sectoral Issues and Domestic Regulation”

Lee Tuthill, WTO
WTO negotiating issues on ICT & Business Process Outsourcing
WTO Building, Room B
26 February 2015
WTO negotiating issues on ICT & Business Process Outsourcing

Lee Tuthill
Trade in Services Division
WTO
## Relevance of GATS Modes of Supply

<table>
<thead>
<tr>
<th></th>
<th>Defined</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cross Border</strong> 1</td>
<td><em>Service supplier not present in the territory where services are delivered</em></td>
<td><em>Delivery of any services via telephone, fax, Internet, or the post</em></td>
</tr>
<tr>
<td><strong>Consumption abroad</strong> 2</td>
<td><em>Consumers purchase services outside their country of residence</em></td>
<td><em>Tourism, Repair of a ship in another country, Going to a hospital abroad for surgery</em></td>
</tr>
<tr>
<td><strong>Commercial presence</strong> 3</td>
<td><em>Service supplying entities present in the territory to deliver services</em></td>
<td><em>Establishing a bank branch or subsidiary</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Any foreign direct investment</em></td>
</tr>
<tr>
<td><strong>Presence of natural persons</strong> 4</td>
<td><em>Entry and temporary stay of individual persons to supply services</em></td>
<td><em>1. Consultant services, Professional or business travel</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>2. Also, foreign employees of a firm supplying services</em></td>
</tr>
</tbody>
</table>
General observations

- Overall, cross border supply (mode 1) has attracted less commitments than mode 2 and mode 3
  - Larger share of “Unbound”

- In general, mode 1 is scheduled as “None” or “Unbound”
  - Few limitations are inscribed
Mode 1 commitments: Market Access

![Mode 1 commitments chart]

- **Market Access**
- **Category of Member**
  - Full
  - Partial
  - Unbound

- **All Members**
- **Developed**
- **Transition**
- **Developing**
- **LDC**
- **Acceding**

0% - 70%
Cross Border Access... Industrialized Countries

70% or more of industrialized country Members commit to barrier-free access for cross border supply of:

- Data processing, software implementation, and other computer-related services
- Tourism - travel agency - tour operator services
- Professional services such as advertising, architecture and engineering
- Management consulting and market research
Call Centers & Back-office Support

Call/contact centre services
- Help desk
- Technical support/advice
- After-sales
- Employee enquiries
- Claims enquiries
- Customer support/advice
- Market research
- Answering services
- Prospecting
- Information services
- Customer relationship management

Shared service centres (back-office services)
- Claims processing
- Accounts processing
- Transaction processing
- Query management processing
- Customer administration processing
- HR/payroll processing
- Data processing
- IT outsourcing
- Logistics processing
- Quality assurance
- Supplier invoices
BPO is growing

Figure III.4. Global market for offshoring of services, 2004-2009 ($ billion)

Source: UNCTAD, based on information from the Everest Research Institute.
Can professional services go online?

GATS Commitments (by number of governments)

- Engineering: 74, Full Commitment
- Accountancy: 72, Full Commitment
- Mgmt Consulting: 67, Full Commitment
- Architecture: 64, Full Commitment
- Legal: 60, Full Commitment

Can professional services go online?

GATS Commitments (by number of governments)
Cross Border Supply
Plurilateral request

- Chile
- HKC
- India
- Mexico
- New Zealand
- Norway

- Pakistan
- Singapore
- Switzerland
- Chinese Taipei

Requesters agree to also fulfill the request they have made
Cross Border Supply
Plurilateral Request

- Covers both modes 1 and 2, in recognition of the relation between these in actual trade

- Suggests a wide selection of business support services, so-called higher end knowledge services, and auxiliary services to other sectors such as transport, financial, etc.

- Proposes a classification solution for some of the support services not explicitly mentioned in current GATS classification, e.g. Call centres
Cross Border Supply Request
Targets B2B ICT-enabled services

Request
- Professional
- Computer
- R&D
- Other Business
- Telecom
- Distribution
- Financial
- Tourism
- Services auxiliary to...

BPO...
- Financial (auxiliary)
- Customer relations
- Human resources
- Sales & marketing
- Website related
- E-publishing
- Call centres
Delivery channels

- Satellite services
- Internet services – Cloud services
- Broadband rollout – fibre optic
- Mobile access – 4th Generation
- IP technologies – NGN
Connectivity

Internet access now reaches 40% of the global population
Developing country users doubled since 2009

Source: ITU World Telecommunications/ICT Indicators
Issues to bear in mind

- Classification difficulties
- Negotiating tactics
- Privacy and confidentiality
- Consumer protection
- National “readiness”