

A paper submitted to participants by Mexico in June 2012.

Mexico proposed a negative listing with ratchet and standstill, and to liberalize at least as much as the best existing Regional Trade Agreement (RTA).

## **NON-PAPER**

### **An approach for an ambitious outcome in trade in services in two phases**

We believe that the main objective of an international services agreement has to be the achievement the best possible level of commitments in market access and, at the same time, to improve and add specific disciplines on horizontal and/or sectoral basis. While this is attainable with the current plurilateral configuration of countries, in our view any outcome has to consider an embedded mechanism to extend, at a certain moment in the future, the level of commitments to the rest of the WTO Membership. How this could be achieved and how to determine the criteria to arrive to such a moment is still to be discussed.

With the intention to move in a sequenced manner towards the main objective, as a way to provide confidence to the possible new entrants on the true motivation of this exercise and more importantly, with the idea of achieving a first, short- term result to regain confidence in the DDA, we propose the following two-steps approach:

1) A short- term, pragmatic, result in terms of market access commitments, i.e., after no more than a year of negotiations. This could be attained if all participant Members agree to bind their best outcome in RTAs, under the negative listing approach, a stand-still commitment, and including a ratchet clause to provide a dynamic liberalization commitment. If the time allows, new market access would be negotiated. The same applies to new or improved disciplines. Otherwise, these two improvements in the agreement could be achieved in the next phase.

The results of this first phase would be captured in a legal instrument to be notified under GATS Article V. The agreement would contain provisions in order to open it to new participants, to include new and/or improved disciplines as well as more and/or better market access commitments. This clause could also contain the criteria to migrate from an RTA to a multilateralized instrument (e.g. critical mass level).

2) The second phase would start short after the entry into force of the agreement under phase one and it should aim at the achievement of the main objective described above. It would include negotiations to improve market access commitments beyond the current level of liberalization. It would also include negotiations on improved and/or new disciplines on horizontal or sectoral basis.