

Trade in Services Liberalization and Domestic Regulation

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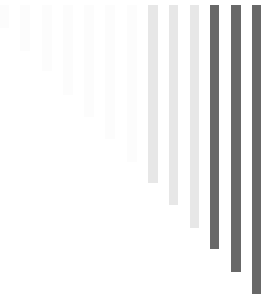
Basic Concepts

- Trade liberalization in services means: to promote market discipline in the sector allowing participation of private initiative.
 - Regulatory Reform means: the need to adapt domestic regulation to the new environment in a manner consistent with trade liberalization.
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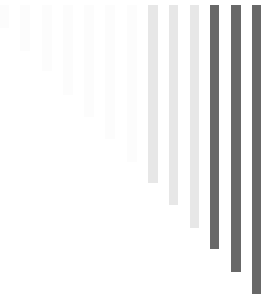
Ideal domestic regulatory environment means

- A strong and independent regulatory body, empowered with adequate resources;
 - Effective power to regulate and ability to enforce;
 - Ability to regulate, due process and accountability;
 - Professional expertise, trained and well respected officials.
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Trade Liberalization in Services: the rules, the sequences.

- Need to reform legislation before consolidating a new market structure;
 - Allow entry of foreign services providers in competition with both domestic operators and public operators;
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Trade Liberalization in Services: the rules, the sequences.

- Different means to achieve goals: flexibility in regulatory approach;
 - National Treatment in like circumstances;
 - Promote regulation that favors competition.
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How to deal with conflicting goals ?

- Balance Regulator's interests: we are not there yet.
 - to ensure investment and profitability of the sector: industry friendly;
 - And the consumers' interest ?
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Good Regulatory Practices

□ OECD

- Transparency and openness of decision – making
- Non-discrimination
- Avoidance of unnecessary trade restrictiveness

□ Ministry of Economy approach:

- Promotion of competition
 - Tariff rates set on the basis of correct resources allocation
 - Transparency and access to relevant information to ensure understanding and confidence on the regulatory authority decision-making
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Good Regulatory Practices

□ OECD

- Use of internationally harmonized measures;
- Recognition of equivalence;
- Application of competition principles

□ Ministry of Economy approach:

- Clear regulatory authority and responsibilities;
 - Simplify rules with adequate incentives, ex-post penalties and promotion of self-regulation;
 - Efficient Dispute resolution mechanisms;
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Good Regulatory Practices

□ OECD

□ Ministry of Economy approach:

- Stable but updated rules;
 - Avoid unnecessary cost to firms;
 - Independence of regulatory bodies.
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GATS Agreement; Regulator and Trade Experts

- GATS Article VI: how do you feel about it ?
 - How to promote dialogue between regulators and trade negotiators?
 - The problem: regulators are accountable, and negotiators?;
 - What are the needs of developing countries?
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