

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2965

ANSWERED ON:02.08.2002

MARKET ACCESS FOR PROFESSIONALS

A. VENKATESH NAIK;ASHOK NAMDEORAO MOHOL;CHANDRA BHUSHAN SINGH

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the developed countries have laid down a plethora of regulations to prevent better market access for the developing countries in movement of natural persons;
- (b) if so, the facts in this regard;
- (c) whether the Government have submitted any proposal in the ongoing negotiations on services at WTO seeking easier market access for professionals;
- (d) if so, the details thereof;
- (e) whether FICCI also helped in preparation of the proposal;
- (f) if so, the extent to which the suggestions of FICCI have been accepted and incorporated in the proposal;
- (g) the response of other developing countries in the matter of said proposal; and
- (h) the reaction of WTO and other developed countries thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY)

(a) & (b) The supply of services through Movement of Natural Persons i.e., Mode 4 is of primary interest to developing countries. Under this mode of supply, the commitments taken are largely linked to commercial presence i.e., Mode 3 and, therefore, are of limited use to the developing countries. Further the commitments are primarily horizontal and these are subjected to a number of limitations and administrative hurdles. The limitations existing in these commitments include restrictions on the entry and stay of service providers, limits on duration of stay, quantitative limits on visas, economic needs test (ENT), lack of recognition of qualifications and payment of social security taxes.

(c) to (f) India has submitted a proposal on 'Liberalisation of Movement of Professionals under General Agreement on Trade in Services (GATS)' during the ongoing Services negotiations at the WTO. In preparation of the proposal, consultations have been held with stake holders and industry associations, including FICCI. The proposal identifies the barriers faced in the movement of professionals for delivery of services and suggests strategies to achieve meaningful liberalisation in this area and to improve trade in services through Mode 4. The strategies suggested include delinking of commitments from Mode 3 by inclusion of a category of independent professionals in the horizontal commitments, establishment of multilateral norms to reduce the scope for discriminatory practices in use of ENT; exemption from Social security contributions; transparent and objective administration of visa regimes and separation of temporary service providers from permanent labour flows by introducing separate visa procedures; establishment of multilateral norms to facilitate Mutual Recognition Agreements (MRAs) among member countries, and exemption from social security contributions for developing country professionals. The proposal also seeks specific sectoral commitments on Mode 4 from developed countries.

(g) & (h) : During discussions at the Special Sessions of the CTS, WTO member countries appreciated the importance of the issues raised in India's proposal to developing countries and expressed interest in them. Developing countries were particularly interested in liberalisation of this mode of supply and wanted more sector specific commitments from developed countries. Though the developed countries were supportive of the importance of greater procedural transparency and improved access to information on laws and regulations by the service suppliers and were inclined to work on definitions of various categories of personnel, they were not favourably inclined towards the proposals for separate visa procedures and exemption from social security payments and the development of multilateral norms on MRAs.