

Trade in Services

Behind the clash over discussing trade in services were two basic concerns. One had to do with fear of a trade-off between goods and services i.e. fear that the developed countries would not open (indeed might further protect) their markets for Brazilian and Indian goods without demanding in return some service penetration into the Brazilian and Indian markets. The Punta compromise was: negotiations inside the GATT for goods, outside the GATT for services, but under one overall negotiating committee and within the same time frame. The formula reflects an unresolved conflict.

The notion of "no trade-off" is understandable in political terms in view of the new protectionism in goods markets and the marked deterioration in agriculture. It is more puzzling in economic terms. It implies a static concept of economic development which would be unique to this sector and, would therefore be unlikely. Even now, the potential in certain service industries of the East Asian NICs and of Brazil and India themselves is clear enough. Fear of trade-off also presupposes a watertight compartmentalisation of sectors -- resources, goods, services -- which doesn't exist today and will rapidly