

# GATS Article V: FTA Compatibility Issues

Cape Town  
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# Article V: Economic Integration Agreements (EIAs)

## Substantive elements

- Substantial sectoral coverage (no. of sectors, volume of trade affected, and modes of supply (no *a priori* exclusion of mode)
- Absence of elimination of substantially all discrimination among EIA members
- No increase in barriers to trade of third parties
- Extension of FTA treatment to third party suppliers constituted under the laws of a party and engaged in substantive business operations within FTA

Liberalization phase-in, reasonable time period

# Article V (cont.)

## Procedural elements

- Prompt notification of EIA and any modifications to it
- Report on progress with any phase-in
- N.B. Only some services FTAs have been notified, a few examined and none pronounced upon by the CTS
- But note the transparency decision that emerged in Doha Round early harvest

# Article V (cont.)

## Special and differential treatment provisions

- Flexibility regarding substantial sectoral coverage and elimination of substantially all discrimination among FTA members
- FTAs with only developing country membership may limit preferences to service suppliers owned and controlled by natural persons of the FTA parties (e.g. Australia-Thailand and Singapore-India)