

Legal Framework for Cross-Regional Networks

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Structure of Presentation

- **Basic Idea of the Paper**
 - Theoretical backbone
 - Relationship between services liberalisation, cross-border networks and migration
- **Legal framework**
 - ISS regional trade liberalisation
 - Regional trade liberalisation in semi-finished goods
 - Labour migration liberalisation, both regional and bilateral
 - Liberalisation only for value added chain related trade
 - Illustration by the case of Jordan
- **Conclusion**

Theoretical backbone



Brain
circulation

Global value
added chains

Transaction cost
theory

Background Thesis

- Cross-border value added chains stimulating economic development in emerging markets
 - Cross-regional networks emanating from the networks of expatriates
- Reversal of Brain Drain

Services & Migration I

Mode 4 supply

Value added
chains

Expatriate
networks

ISS
liberalisation

Services & Migration II

- ISS essential for cross-border value added chains for managing production and for using the respective local comparative advantage for each step in the production
- Labour migration essential for employing the best-qualified people and making use of the global network of expatriates

Intermediary Conclusion

- **Based on literature review**
 - Regional Trade Liberalisation in the ISS sector strengthens the quality of ISS and facilitates cross-border business ventures
 - Liberalisation of GATS Mode 4 supply allows for tapping the potential lying within expatriates networks both in the region and between North and South

Current Legal Framework

- ISS liberalisation under the GATS limited, particularly in the key sectors telecommunication, transportation, and finance
 - Mode 4 supply under the GATS restricted
- FTAs can go further than the GATS

Ideal Legal Framework

- RTA/GATS liberalisation in semi-finished goods, in key services-sectors telecommu-
nication, transportation, finance, and pro-
fessional services, and in mode 4 supply
- Bilateral FTA on goods with North and
agreement on labour migration with
expatriate's host country

New Legal Framework

If preconditions can be met neither on the global nor on the regional level:

- investigate the possibility to liberalise only trade that is related to cross-border value added chains
 - In the interest of both parties
 - Liberalisation to a very limited degree
 - Nevertheless with possibly great impact

Legal Framework: Jordan I

Bilateral Agreements: North

FTA with US

FTA with
Canada

FTA with EFTA

Association
Agreement EU

approx. 21
more

Bilateral Agreements: South

Singapore

Neighbouring
Countries

approx. 57
more

Regional Agreements

GAFTA

AGADIR

Legal Framework: Jordan II

- **Regional Legal Framework**
 - **GAFTA** liberalising trade in goods, semi-finished products, and services
 - **AGADIR** liberalising trade in goods and services, not exceeding GATS to date
 - Joint **transportation** companies
 - **Bilateral Agreements** on labour migration and services in the region and with Singapore

Legal Framework: Jordan III

- **Bilateral Agreements with Host Country**
 - **FTA with U.S.** liberalising trade in goods
 - **FTA with Canada** liberalising trade in goods and services, and (high-skilled) labour migration
 - **FTA with EFTA** countries (mainly goods)
 - **Association Agreement with EU** (mainly goods)

Legal Framework: Jordan IV

- **Analysis of Jordan's Legal Framework**
 - If RTAs are implemented and enforced thoroughly, well integrated in the region
 - Mode 4 supply and labour migration to be included in bilateral treaties with U.S. and EU
 - Generally conducive and encouraging environment for cross-border business ventures

Research Agenda

- Need for data of cross-border business ventures, particularly in Case Study
- Need for data linking cross-border value added chains with expatriates networks
- Develop legal framework for trade related to cross-border value added chains

Conclusion

- Current policies to reverse brain drain show mixed results – a cross-border value added chain-friendly environment will render emerging markets more attractive to expatriates

Thank you!

... for your valuable comments!