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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 telecommunication, transportation, finance, and professional 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

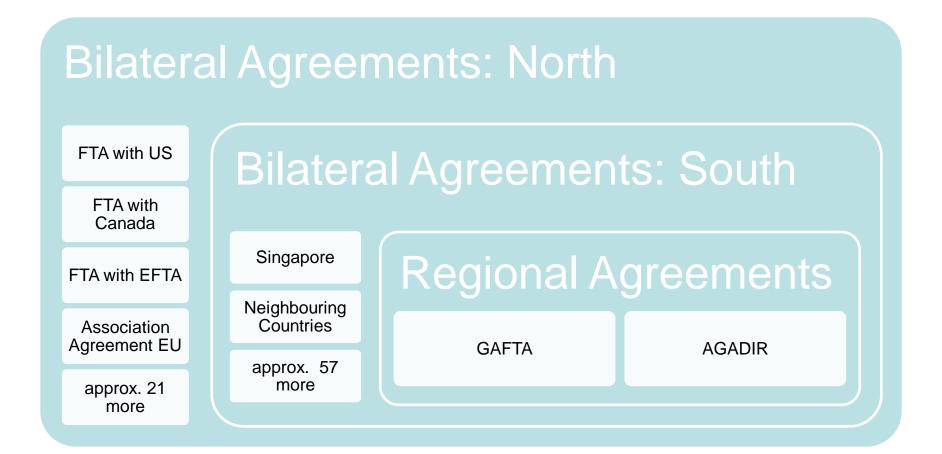
If preconditions can be met neither on the global nor on the regional level:

- 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





Legal Framework: Jordan II

- Regional Legal Framework
 - GAFTA liberalising trade in goods, semifinished 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!

