



WTO OMC

# Trade in Services and Public Health

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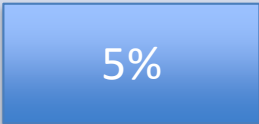
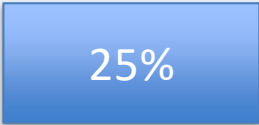
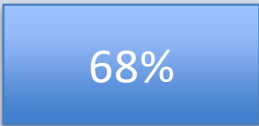
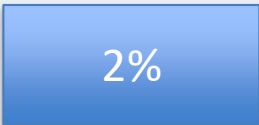
# General Agreement on Trade in Services (GATS): Wide scope of application



- MEASURES AFFECTING TRADE IN SERVICES AT ALL GOVERNMENT LEVELS
- The GATS COVERS ALL SERVICES (except “*services provided in the exercise of governmental authority*” which are defined as services that are supplied
  - “neither on a **commercial basis**,
  - nor in **competition** with one or more service suppliers”.(Article I:3)

Services guaranteed by the government to each citizen, and meeting the elements above, are excluded

# GATS identifies 4 modes of supply...

Mode of supply	Relevance for Health services
<b>Mode 1:</b> Cross-border supply  5%	Telemedicine; e-health, health-related outsourcing (billing, medical transcripts, insurance, etc.)
<b>Mode 2:</b> Consumption abroad  25%	“Medical tourism” - patients travelling across borders for diagnosis and treatment
<b>Mode 3:</b> Commercial presence  68%	Establishments of hospitals, clinics through FDI, joint ventures, alliances, mergers
<b>Mode 4:</b> Presence of natural persons  2%	Certain doctors and nurses practising in other countries

# “Regulation” and “Liberalization”



- The GATS does not prescribe or prohibit any form of “regulation”
- Members can define regulatory requirements and processes according to national needs/preferences
- Only certain types of quantitative restrictions, and measures discriminating between foreign and local services or suppliers are relevant under the GATS, and only in sectors designated for liberalization

# Implications of foreign investment in health services



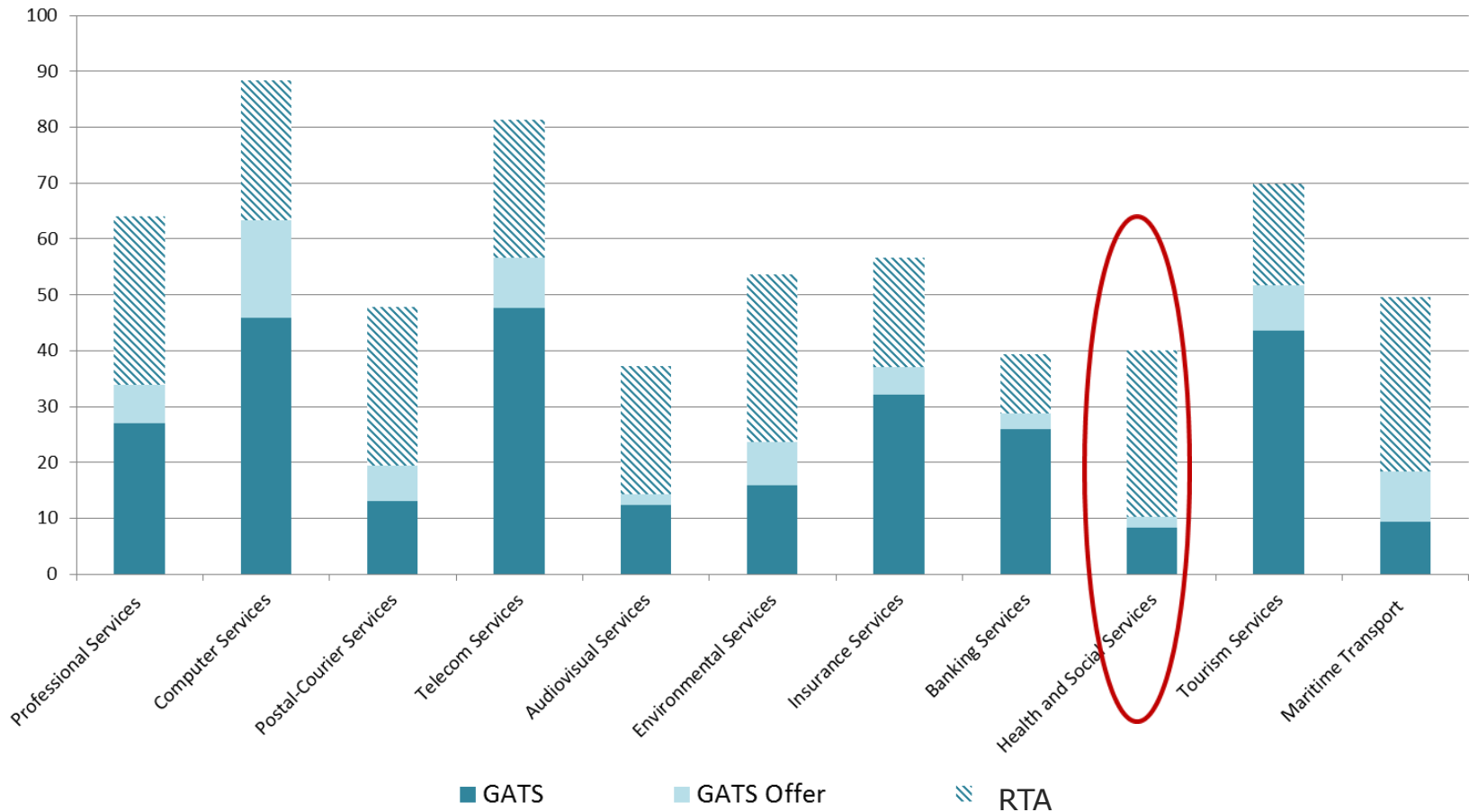
## Opportunities

- generate additional resources for investment in upgrading of infrastructure and technologies
- reduce the burden on public resources
- create employment opportunities
- raise standards, improve management, quality, range of services
- Encourage transfer of know-how improve education (foreign commercial presence in medical education sector)

## Risks

- large initial public investments needed to attract FDI
- if public funds/subsidies used - potential diversion of resources from the public health sector
- two tier structure of health care establishments
- internal brain drain from public to private sector
- crowding out of poorer patients, “cream skimming” phenomena

# Where do we stand in terms of health services in GATS or regional agreements?



Based on index of services commitments; details at:

([http://www.wto.org/english/tratop\\_e/serv\\_e/dataset\\_e/dataset\\_index\\_e.htm](http://www.wto.org/english/tratop_e/serv_e/dataset_e/dataset_index_e.htm))



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Thank you !

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