

# Temporary movement of natural persons (mode 4) under the GATS

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## 1. The scope of the movement of natural persons supplying services under the GATS

The General Agreement on Trade in Services (GATS) recognizes that for certain services to be supplied internationally movement of natural persons is indispensable and hence, introduced so-called mode 4 supply of services. The Agreement, together with its Annex on the Movement of Natural Persons Supplying Services under the Agreement, does not provide for a precise definition of this mode which could be immediately adopted for statistical inference, namely in respect to the characteristics of movers, concerning the modalities for such moves, or with respect to timing of moves. The broadest possible definition of mode 4 is introduced here since it appears to be best suited for statistical purposes.

There is no a priori exclusion of any occupation or skill level from the coverage of the GATS and in that sense all categories of natural persons could be negotiated under mode 4. There is no provision in the GATS, which would tend to suggest that the coverage of natural persons supplying services is subjected to any type of particular qualifications.

In practical terms, GATS mode 4 extends to foreigners who are employed in a foreign company established abroad or which is supplying services under a contract without permanent presence in that country, e.g. in the implementation of a construction project. It also includes independent or self-employed service providers, as in the case of consultancy services, and also foreign nationals employed in domestic companies.

All possible modalities of movement from one country into the territory of another country are covered by GATS. Since this is movement of people supplying services, their intended entry should fall under the provision of services in one of the industries classified as services sectors by the WTO.

GATS establishes a definition for the movement of natural persons as seeking “non-permanent” entry and “temporary” stay for the supply of services abroad. There is no specified timeframe in the GATS regarding what should be considered as “temporary”. Non-permanent or temporary status may be interpreted by each country according to its national law practice, which may be reflected in the national schedules of their GATS specific commitments. For example, in the present GATS specific commitments countries allow for a temporary stay of 1, 3 or 5 years, which may also be extended and might be different for different categories of persons.

However, present GATS specific commitments do not extend to cover fully the scope of GATS mode 4. Individual countries as a rule have scheduled their commitments with respect to a rather limited coverage of mode 4, referring to investment related movement of natural persons.

## 2. Measurement challenge

GATS introduces the challenge and the need to monitor the size and structure of the movement of persons from the viewpoint of national labour markets and migration policies, both as ‘exports’ and “imports” and in terms of trade. This means that there will be a need for countries to compare movement of persons through mode 4, its size and structure. Systems of most countries have failed to evolve so as to reflect the growing complexity of international population movements

- and now the needs of the GATS. No one international collection system gives the complete coverage necessary for measuring the GATS needs related movement of persons, however, some elements could be drawn from the balance of payments statistics (BPM5), System of National Accounts, UN Statistics of International Migration, International Labour Organisation's (ILO) employment statistics.

Since no one collection system in any country gives the complete coverage necessary for measuring the GATS needs related to the movement of persons to work abroad, there will be a need to use data collected within each country from un-connected systems such as administrative records of controlling and regulatory agencies as well as of institutions and establishments, in addition to surveys of travellers and residents. Statistics from different sources will, however, provide very different pictures about international movement of persons and the balance between different sources will depend on each country.

The main preoccupation in GATS related statistics for movement of workers is the total numbers of persons working abroad, their countries of origin, occupation, possibly skill level, status in employment in the receiving country, sector of economic activity, length of stay, total remuneration received and the remittances they send back to their home country. BMP5 provides three types of information that is relevant to the value of trade created by workers abroad. In some cases this information underestimates or overestimates the actual trade, however, if anything it confirms the importance of global labour mobility as the factor in trade.

The data to be compiled for GATS will need to cover both the movement ("flow") in a given period and the presence ("stock") of service providers at a given time. Statistics collected on persons at the ports of entry are the most widespread sources of information on the movement of service suppliers. Measuring the "stock" of foreigners providing services poses real problems, because population registers, registers of foreigners or other surveys or administrative records do not provide a comprehensive way to trace and keep track of foreign service providers individually.

Different elements will need to be further elaborated to develop a framework to define the groups of interest on one side (mode 4) and variables that service to describe relevant characteristics of the members of these groups. Agreed international recommendations in this area would serve as a model for development of the national statistics, and for constructing statistics which is reasonably comparable between and among countries.

In the context of globalization and internationalization of production and trade in services, international movement of persons is likely to grow in importance. Availability of the timely and reliable statistics, comparable internationally is necessary if progress in the multilateral trade negotiations in the area of services and namely on progressive liberalization of movement of natural persons is to be achieved. A great number of developing and least developed countries have identified trade related movement of persons as the single most important area of their export interest and their key interest in the GATS negotiations. Developed countries are also seeking liberalization of mode 4. Lack of data on both, sending and receiving countries are limiting the scope for analytical and research activities in assessing the economic impact on the two sides. Having more detailed, valid and reliable statistics, policy makers and trade negotiators may be more willing to engage in improving their specific commitments in the on-going GATS negotiations.

## **RÉSUMÉ**

*Les systèmes statistiques nationaux n'ont pas évolué suffisamment pour rendre compte de la complexité croissante des mouvements internationaux de personnes et pour répondre aux besoins découlant de l'AGCS. Aux fins de l'AGCS, on aura besoin de statistiques concernant aussi bien les mouvements (flux) sur une période donnée que la présence (stock) de fournisseurs de services à un moment donné. Les principales données dont on a besoin aux fins de l'AGCS, en ce qui concerne les mouvements de personnes, sont le nombre total de personnes travaillant à l'étranger, leur pays d'origine, leur métier ou leur statut professionnel dans le pays d'accueil, la durée de leur séjour et leur rémunération totale.*