

# Compilation on GATS-Free Zones

EQUATIONS

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*One of the strongest political responses to the General Agreement on Trade in Services (GATS) has come from local governments and municipalities across the world. The fact that under the GATS, international legal agreements override local government policies triggered these responses. In India, as in many other countries few bureaucrats and trade negotiators who did not take into cognizance the views of their local governments negotiated the agreements under GATS. Many of the clauses in the GATS are exploitative of local resources of member nations. Agreements are made on many issues that come under the purview of local governments and municipalities. Local governments and municipalities worried about interests of their residents and fear of loosing their autonomy have responded by rejection of the GATS and in the declaration of "GATS Free Zones". The "GATS Free Zone" movement today covers four hundred cities and villages in three continents. This paper covers this issue and provides us the cases of where and why GATS Free Zones have been declared.*

## What are GATS-Free Zones?

One of the strongest political responses to the GATS has come from local governments and municipalities across the world. The lack of power of parliaments and elected office holders, whether national, regional or local, in the field of trade negotiations, particularly at their later stages, underlines the importance of early and firm action to defend key services and democratic rights. Widespread local refusal of trade-imposed re-regulation will put pressure on national governments and their trade negotiators. It will also support those national legislators and local councillors who want to defend and strengthen democracy in the field of trade negotiations.

The response has been triggered by the fact that the GATS stands for an international legal framework to which all local government service policies must be subordinated. Article I of the GATS emphasises that the Agreement is applied to the measures adopted by member countries that affect the commercialisation of services "**including those measures adopted by the local governments of member countries**" (WTO 1994, emphasis added). Local governments' disagreement is also increased by not being able to formally participate in the negotiation of the Agreement – which is usually negotiated by few bureaucrats and trade negotiators.

This rejection has taken the form of declaring "GATS free zones". This initiative consists of local governments declaring in a symbolical way, "GATS free zones" by passing municipal motions. These motions can be presented by social movements in the area or directly by parliamentary groups that form the local council. In different countries, this initiative has managed to generate public debate into the GATS, but most of all it is a measure for pressurising governmental authorities to take a direct part in the negotiations of the Agreement. For the moment, this proposal and other similar ones have proliferated in Northern countries.

## The "GATS Free Zone" Movement

The GATS-free zone movement today covers four hundred cities and villages in three continents. Municipalities that oppose the agreement worrying about the interests of their residents and in fear of loosing their own autonomy has been entering the continuously growing initiative, known as the GATS-free zone from all over the world. From among the hundreds of towns and cities that have joined the initiative so far the local authorities of Vienna, Gratz, Paris, Dijon, Oxford, Manchester, Genoa, Torino, Ferrara, Vancouver and Melbourne are only some.

Country	GATS Free Zones and Other Motions, 2000 Onwards
France	600 local governments have demanded more transparency in the negotiations and a moratorium in the GATS. Some have declared GATS-free zones, among these the city of Paris.
Belgium	171 Flemish communities have signed motions against the GATS and water supply services.
Switzerland	Geneva and Lausanne are GATS free zones. The governments of 15 cantons and 25 communities have presented different motions regarding GATS.
United Kingdom	26 local governments have signed motions in which they express their concern about the effects of

	the Agreement
Austria	280 declarations regarding GATS made by municipalities, including Vienna. These declarations reject greater liberalisation of quotas for public services and insist on an immediate moratorium in the negotiations
Italy	The provinces of Genoa and Ferrara, as well as such communities as Turin have passed motions against the GATS.
Canada	Declaration by the Federation of Canadian Municipalities (represents some 1000 cities) which is strictly opposed to municipal services being included in the agreement.
Australia	Declaration by the Australian Local Government Association (represents 700 local governments) that demands that certain service be excluded from the GATS.
New Zealand	Declaration by the Local Government New Zealand federation that represents the 86 local authorities in the country.
Spain	Declaration against GATS by the Andalusian parliament. City council s in Andalusia, Extremadura and the Basque Country have declared themselves GATS Free Zones.

### Some Cases from around the World

#### Hungary

The governing body of Ivád, a small village in county Heves in Hungary decided to join the GATS-free zone movement on Monday, 25 October 2005. The GATS-free zone movement initiated by Védegylet (Protect the Future) in Hungary hopefully saw only its first victory when Ivád passed an anti-GATS resolution and many others will follow. In the next months Védegylet and the municipality of Ivád will work together to further the GATS-free zone initiative in order to protect public services and local governments upholding the ideas of autonomy, participation and subsidiarity against the decificits of neoliberal globalization.

Gábor Ivády, who has recently got quite a lot of media attention with his spectacular protest against mobile post offices, said the followings after the decision was declared on Monday: „Ivád would like to warn Hungarian local authorities that opening the market of public services can endanger bigger and smaller governments alike. In our village, Ivád, all the basic services deteriorated recently and we were deprived of our post office due to economic reasons. If the GATS agreement forced by the WTO will come into effect also in Hungary, only the market will be dictating the costs of basic social services and there will be no guarantee whether they will be accessible to all. At least, we want to stop and think for a while and start a dialog about this on a national level. There has been too many decisions taken recently about questions concerning Hungarian villages and towns without the least consideration of their own views.”

#### France

In France, about 600 local or regional councils have asked for more transparency and a moratorium in the GATS negotiations, and some have declared themselves GATS-free zones. Paris's municipal council declared the city a GATS-free zone in February 2003. The first General Assembly of France's National Network of Elected Office Holders and Councils for GATS-Free Zones, held in December 2004, brought together some 100 elected office holders: MPs, mayors, and local and regional councillors. The Assembly adopted a programme of action for the run-up to the December 2005 WTO Ministerial Conference in Hong Kong, including a campaign for the suspension of the current GATS negotiations. The Assembly expressed deep concern about closed-door WTO negotiations on government procurement of services (GATS Article XIII), which would have direct consequences for local and regional government (via GATS Article I.3). A GATS Annex and "Reference Paper" under negotiation would severely restrict the procurement prerogatives of local and regional councils. By contrast, the proposed texts would enhance the powers of multinational companies.

## **Austria**

In March 2003, the municipal council of Vienna, the country's capital, adopted a resolution presented by its Green and Socialist members. Under the resolution, the city rejects further liberalisation of public services, as requested in the current GATS negotiations by many WTO Members, and instead demands an immediate moratorium in the negotiations. The resolution also demands the inclusion of Austria's Länder and municipalities in procedures to determine the country's position on global economic and trade agreements.

## **Belgium**

In Belgium, a leading development NGO called 11.11.11. carried out a successful campaign in autumn 2004. On its initiative, 171 Flemish communes - 55% of the total - had by early December signed a motion on GATS and water. The motion was also signed by four of the five provinces. Among the signatory communes are the two largest Flemish cities: Antwerp and Gent. 11.11.11. was expecting more signatures over the following two weeks. Flanders is the Dutch-speaking region of Belgium, with about 60% of its population. Belgium's capital, Brussels, passed a similar motion, proposed by Attac. The 11.11.11 motion calls for:

- confirmation of water as a human right and democratic control over water services;
- an end to pressures on developing countries to liberalise their water, and more support for their public services;
- exclusion of water and other public services like health and education from the GATS;
- preservation of public water services in Flanders;
- more transparency and democratic participation in the GATS negotiations, especially for local authorities;
- rejection of a reduction in the regulatory powers of local authorities, and a call for impact studies;
- a moratorium in the Gats negotiations.

## **Switzerland**

In Switzerland, the city of Geneva, where the WTO has its head office, called for the suspension of the GATS negotiations and declared itself a GATS-free zone by a resolution adopted by its municipal council in June 2003. In Lausanne, another Swiss city, the communal council has passed a motion to that end, but a final decision is pending. GATS-related questions have been submitted in the councils of 15 Swiss cantons and 20 communes. In Switzerland, the city of Geneva, where the WTO has its head office, called for the suspension of the GATS negotiations and declared itself a GATS-free zone by a resolution adopted by its municipal council in June 2003. In Lausanne, another Swiss city, the communal council has passed a motion to that end, but a final decision is pending. GATS-related questions have been submitted in the councils of 15 Swiss cantons and 20 communes

## **Canada**

Canadian municipalities have over the past few years developed a range of actions on trade. In March 2003, the Board of Directors of the Federation of Canadian Municipalities (FCM) unanimously passed a resolution that "strongly opposes the inclusion of any municipal services or regulations in trade negotiations" (text of the resolution). The trade negotiations mentioned in the resolution are the current GATS negotiations, the negotiations on the Free Trade Area of the Americas and other trade agreements, including ongoing bilateral negotiations. The FCM resolution complains that while the central government has the authority to negotiate international trade agreements, it is the municipalities that are directly and indirectly affected by such agreements' adverse effects. The FCM is Canada's national organisation for local government and represents over 1,000 cities, towns and districts across the country. The FCM statement followed resolutions passed by many individual municipalities (over 70 by May 2002), challenging the central government's plans to expand Canada's commitments under the GATS.

## **New Zealand**

Local Government New Zealand represents all the country's 86 local authorities. In its February 2003 submission on the GATS negotiations, the organisation recognised the right of the central government to make international commitments, but sought an assurance from the government that "(1) in relation to activities undertaken by local government no commitment be given under the GATS without full consultation with local government and its communities; and (2) no commitments will be made that are inconsistent with the legislative framework governing local government, in particular its ability to reflect local democratic decision making and promote community well being in a sustainable way".

Noting that GATS requires each central government to "take such reasonable measures as may be available to it to ensure ... observance (of its GATS obligations and commitments) by regional and local governments", the NZ organisation said that the definition of "reasonable measures" was critical to its view of the GATS. In the organisation's view, were there to be a discrepancy between a council's activities and a government GATS commitment, "reasonable measures" would not include amendment of the legislative framework governing local government, but rather dialogue between the government and the council concerned.

## **Norway**

Mountain regions in Norway of: Nord Osterdalen – Roros, Nord-Gudbrandsdalen, Valdres and in addition The County Board of Hedmark County has made a declaration in the same direction.

The Mountain Region Board of mayors:

- is of the opinion that current public services is so important for regions and local communities that peoples elected should have the complete responsibility and management of them, in order to take responsibility for the future of local communities.
- is of the opinion that tasks within health, social care taking, water, culture, education, transport and energy is a public responsibility and should be managed in public region.
- take clear stand against that important basic services for the population should be ruled by an international trade agreement.
- is of the opinion that Norwegian negotiators should keep these principles clearly separated from trade in services within ordinary commercial sectors.
- In order for the GATS-negotiations not to end up with public services to be regulated by a free trade agreement, the Mountain region Board declares that the Mountain region should be GATS-free zone.

The Mountain Region Board will cooperate with other Region Boards and challenge them to declare the same, so that Norwegian negotiators should keep these important public services outside a GATS-agreement.

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Contact us

[info@equitabletourism.org](mailto:info@equitabletourism.org)

+91-80-2545-7607 / 2545-7659

EQUATIONS, # 415, 2C-Cross, 4th Main, OMBR Layout, Banaswadi, Bangalore 560043, India

[www.equitabletourism.org](http://www.equitabletourism.org)