

Healthcare goes down

The governments of many developing countries are unable to avoid gradual commercialization of their public health services because of the debt and influence of the IMF and WB. But this development only increases disparity between different classes. Can Pakistan afford to put access to healthcare services completely out of the reach of the common man?

BY NABEEL AKRAM

AROUND the world, there are growing concerns about the role of the World Trade Organization (WTO) and its General Agreement on Trade in Services (GATS) regarding public services, including public health services. Health policy analysts are critical of the policies of the most potent international trade organization on the globe. The fears are that these policies may lead to widening of gap between the rich and the poor, with increased disparity between different classes in terms of access to health services. For many, there may also be a conflict of these policies with the principles of social justice and social welfare systems in various

binding for member countries. The trade in services was included in the agenda of GATT in the 1986-94 Uruguay Round, which is considered to be the widest-ranging multilateral trade agreement ever negotiated. During this Round, the US representatives pushed for an enormous agenda of trade issues, which ultimately led to the creation of the World Trade Organization that came into effect on January 1, 1995.

In contrast to GATT, which is an agreement, the WTO was established as an institution. From a modest figure of 76 member countries in January 1995, there are now 144 member states of WTO, of which United States is the largest financial contributor taking care of about 16 per cent of its budget. The role of WTO in



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countries around the world.

To understand the matter with clarity, it is imperative to review the role of WTO in public health services and the increasing criticism on the policies of GATS related to health sector, and to broadly analyze its implications on public health services in the context of Pakistan and other developing countries.

Shortly after the World War II, USA and 22 other countries signed the General Agreement on Tariffs and Trade (GATT), which opened up new vistas for international trade. Prior to this agreement, countries usually indulged in bilateral trade and less emphasis was given to international relationships. GATT only served as a watchdog over world trade, and it did not enjoy any enforcement powers. The agreement was advisory only, without any legal

the international trade includes administration and implementation of various agreements. It is also responsible to act as a forum for multilateral trade negotiations, resolve trade disputes, oversee national trade policies and cooperate with other international institutions involved in global economic policy-making, such as the World Bank and the IMF.

The main provisions governing the services sector are dealt in one of the 12 principal trade treaties of the WTO. This legal text called "the General Agreement on Trade in Services (GATS)", by advocating the principle of non-discrimination, claims to enhance economic activity and promote trade and development through what has been termed as 'progressive liberalization' of the economy. The service

sector has been recognized by GATS as an important economic contributor that accounts for over 60 per cent of global production and employment, and represents at least 20 per cent of total trade. The GATS is based on a perceived need for multilateral disciplines for trade in services, as new service sectors, domestically protected for so, were opening up for international consumers. The examples of such services include electronic banking, postal services, tele-medicine and tele-education.

However, analysts around the world are critical of the policies of GATS. Recognizing the major purpose of GATS as to open up the public services to foreign investment, these researchers are urging politicians, public health activists and civil servants to

debate these reform policies on international forums. The critics believe that with the backing of multinational corporations, USA and the European Union are targeting public services in the health sector due to its well-established economic significance. The concerns gained further momentum after new round of talks initiated by WTO's Doha Agreement in November 2001. The negotiations tend to compel the member countries to progressively open up their public services, including health, to market forces and foreign investment.

However, under GATS, countries have the discretion to offer services voluntarily for market competition and also have the right not to offer those public services, which the country in question feels, should be protect-

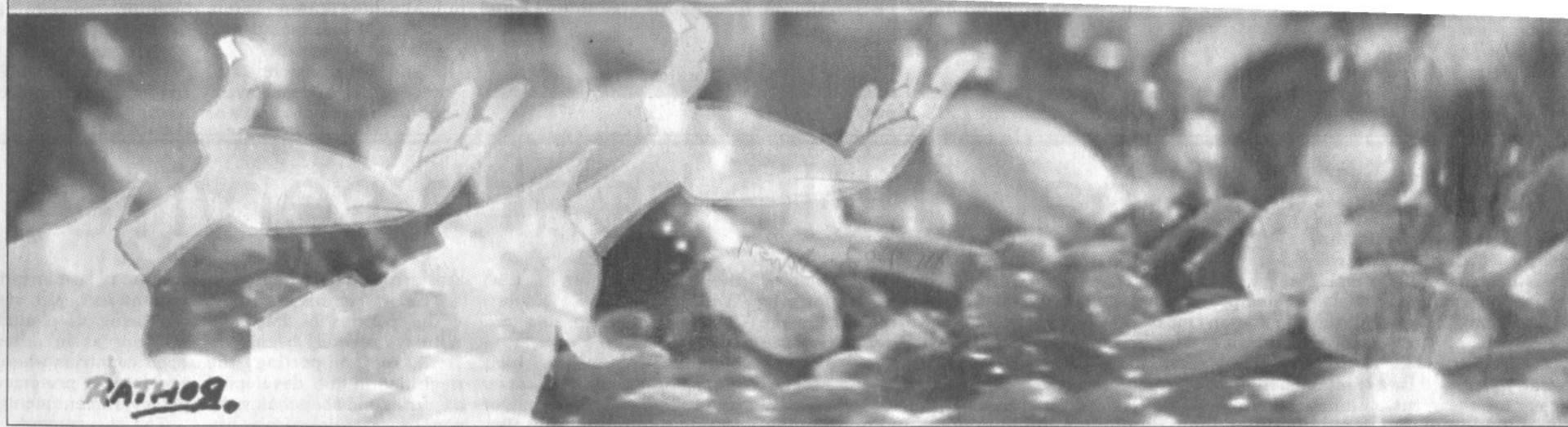
ed by domestic regulations. Access to public health services in many countries has been considered as a universal right and, therefore, these countries are reluctant to open such services for market competition. Critics believe that WTO, through its working committees, is now trying to alter the voluntary nature of GATS to intrude into the market of public health services and drag it to open competition.

Article VI of GATS encompasses 'domestic regulation' and addresses those regulations that affect services, which are not covered by other GATS obligations. The article VI 4 has been criticized for not being clear cut in its meanings and having deliberate loopholes, which are now being exploited by powerful members of WTO for their own interests.

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For example, the above-mentioned article of GATS implies that regulations of national governments for the services 'not offered' for market competition should not pose unnecessary barriers to trade in services. The article VI 4 states that they should be "not more burdensome than necessary", and also must not be a barrier to supply of services. However, the word 'burdensome' has been left undefined and may have different perceptions for different countries. Moreover, there is no legal formula available within WTO, which may intervene if any dispute surfaces concerning this matter.

The WTO has formed a standing committee called Working Party on Domestic Regulation (WPDR) to review and reform the

tions within the countries. Analysts fear that the real goal of this working committee is to tighten the policies of GATS regarding domestic regulation by introducing careful wordings and tighter definitions of services in the agreement. Consequently, governments that employ non-market mechanisms, such as cross-subsidization, universal risk pooling, block contracts and public accountability, in their pursuit of greater equitable allocation of resources, might find such practices challenged as anti-competitive. Consequently, countries will be compelled to open up their public services, including public health services, to foreign investment and market competition which were previously protected