India: Country Presentation

GATS
Government versus the People

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GATS Different?

- No binding commitment agreed till offer made by participating country
- Unlike other agreements under the WTO where a single undertaking is binding and covers all Agreements
- Technically, countries make offers based on "national" interest and priorities

GATS Different?

BUT!

- This flexibility under GATS exists only until countries choose to make use of it
- What Governments call "national" good may not be the same as what a majority of people perceive
- Offers made under GATS reflect the priorities of Governments, NOT People
- Accelerated interest by Governments in GATS reflect the priorities of Country Governments

Why was GATS treated differently?

GATS was a "thinly" negotiated Agreement when WTO Agreement was signed

The subject areas were too diverse and complex for consensus to be arrived at

Most services were still under Public Sector – without privatisation, trade in services cannot be promoted

The neoliberal doctrine promoting "retreat of the state" was still contested

Service Sector was just starting to be the key driver of the global economy

Bilateral and Plurilateral Approaches to Negotiations

- A crucial difference in GATS is the bilateral mode of negotiations
- GATS, however, also allows "plurilateral" (a group of countries negotiating together) negotiations
- This has been resurrected in the recent round of negotiations (unfortunately, also led by countries such as India.

GATS and Public Health Approaches

PHC Approach: Health Care facilities and delivery at the level closest to where people live, informed by people's needs and with increasing participation of people in decision making

Social Determinants Approach: Need to intervene where people live and work. Have to address the "causes of causes" that cause differential access to Health goods.

- GATS pushes the decision making centres away from local communities
- Premised on a "MARKET" for Medical Care
- Promotes Medical Care as distinct from Health Care

GATS and Public Health Approaches (contd..)

Mode 1

Cross-Border Supply: Service is provided remotely from one country to another, such as telemedicine via Internet or satellite, or international health insurance policies

Further alienation of suppliers of medical care from the community

GATS and Public Health Approaches (contd..)

Mode 2

Consumption Abroad: Individuals use a service in another country, such as patients travelling to take advantage of foreign health care facilities, or medical students training abroad

Opposite of Community Centres and Need Based approach

Moves internal resources away from real needs (Medical Tourism)

GATS and Public Health Approaches (contd..)

Mode 3

Commercial Presence: Foreign company sets up operations within another country in order to deliver the service, such as hospitals, health clinics, insurance offices or water distribution operations

Driven by profits and not health or even medical needs

GATS and Public Health Approaches (contd..)

Mode 4

Presence of Natural Persons: Individuals such as nurses, doctors or midwives travel to another country to supply a service there on a temporary basis

No concept of community empowerment and ownership of programmes

Of grave consequence for underserved health systems in developing countries

India: Driving the GATS Negotiations

2000 – 2001 (as % of GDP)	
Services	49%
Agriculture	27%
Manufacturing	23%

India: Driving the GATS Negotiations

- Belief that, within WTO, GATS is the **main area where India gains**
- Driven by, for example:
  - IT Sector
  - BPOs (Medical Transcription cos. in medicine)
  - Corporate Hospitals (interested in Medical Tourism)

India: Driving the GATS Negotiations

- During Hong Kong Ministerial in December 2005 **India broke ranks** with its long-standing allies and supported, (and drafted!), key sections of the infamous Annex C that sanctioned the plurilateral method
- Belief in India that Modes 1, 2 and 4 are in **"national" interest**
- That is why India has been **aggressive in pushing the GATS agenda**

India's Offers in GATS (under medical services)

Limitations on Market Access

Mode 1: None

Mode 2: None

Mode 3: Foreign equity ceiling of 74 per cent subject to the condition that the latest technology for treatment will be brought in and subject to the condition that in the case of foreign investors having prior collaboration in that specific service sector in India, FIPB approval would be required.

Mode 4: Unbound

India's Offers in GATS (under medical services)

Limitations on National Treatment

Mode 1: None

Mode 2: None

Mode 3: Publicly funded services may be available only to Indian citizens or may be supplied at differential prices to persons other than Indian citizens.

Mode 4: Unbound

India: Health Situation

Is the Indian Government's position consistent with the Health Situation?

- Public Health Expenditure is 0.9% of GDP – among FIVE LOWEST in the world
- Public Health Expenditure is 16% of total – again one of the worst in the world

India: Health Situation

- Health care costs is the second most important reason for rural indebtedness
- One in two Indians borrow money to pay for hospitalisation costs
- One in five of those who borrow slip below the poverty line
- None of these are addressed by India's commitment in GATS
- In fact, they have the potential for further worsening the situation

Corporate Interests or Health Needs?

Clearly India's position on GATS is driven by corporate needs and not by health needs

Dangers in India's commitments not just limited to India – has the potential to modify responses in other developing countries

Thank You