

# Annex 4. APEC Seminar on Trade in Health Services: An Overview

**APEC Seminar on  
Trade in Health Services:  
An Overview**

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Cebu City, Philippines  
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**Seminar Context**

- Increasing international tradability of health, across different modes of supply (e.g. medical transcription, medical travel, investments, and migration), driven by developments in ICT, rapidly ageing population, robust economic opportunities, and others.
- There is a need to define trade in health services--the opportunities, challenges, and risks--in the context of public health realities.
- Different experiences among APEC economies in the field of trade in health services
  - Opportunities to learn from each other through sharing of experiences
  - Identify and explore possible cooperation projects

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**Seminar Objectives**

1. To exchange information on the more recent developments and issues in health services trade among APEC member economies and promote a common understanding of these issues
2. To exchange experiences on policies, practices and processes in addressing the various issues and in coping with the impacts related to health services trade and liberalization
3. To identify the tasks for immediate and future cooperation among APEC member economies.

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**Seminar Methodologies**

- **Five (5) Presentations**, elaborating on general issues on trade in health services
- **Thirteen (13) Discussions**, focusing on specific country experiences
- **Q&A Sessions**, to clarify or highlight points made by the speakers, to expound by citing additional country experiences, or to offer alternative perspectives
- **Two (2) Workshops**, to build a common understanding of the lessons from the presentations and country experiences; and to identify and explore areas for cooperation
- **Two (2) Site Visits**—to a modern private hospital and to a government-run hospital—in order to contextualize discussions to the realities of a national health system and to illustrate the opportunities, challenges and risks accompanying trade in health services.

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**Presentations**

1. Brief Overview of GATS and Trade in Health Services
2. Diagnostic Tool on Trade and Health: Relevance, Updates and Experiences in Implementation
3. Lecture in Linkages Across Modes and Across Sectors (Complimentary Linkages, Substitute Linkages and Negative Linkages)
4. Insurance Portability and Trade Facilitation: Benefits, Barriers, Solutions and Agenda for APEC Cooperation (Experience of Developed Economies as Sending Countries)
5. Development of Mutual Recognition Agreements (MRAs) and Common Competency Standards.
6. GATS and Trade in Health Services: The Progress so Far, Experiences at the Bilateral, Regional and Multilateral Level

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**Discussions (1/3)**

Topic	Country
Advances, Risks, Barriers and Policy Challenges in Tele-Health	Australia
Experience on Clinical Research Development	Singapore
Medical Tourism, Health and Wellness	Philippines
Insurance Portability and Trade Facilitation: Benefits, Barriers, Solutions and Agenda for APEC Cooperation (Experience of Developing Economies as Receiving Countries)	United States
Measuring Quality of Healthcare through Accreditation of Health Service Providers and Facilities	Philippines

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### Discussions (2/3)

Topic	Country
Impact of Trade in Health Services on Public Health and Policy Responses	Thailand
Experiences in Establishing Overseas Presence	Thailand
Impact of Foreign Investments on Public Health	Philippines
Experiences on Registration of Medical Tourism Economic Zones	Philippines
Trade in Health Services Statistics	Philippines
Philippine Experience on MRAs	Philippines

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### Discussions (3/3)

Topic	Country
Cooperation Agreements to Address Equity Issues	Philippines
Advances, Risks, Barriers and Policy Challenges in Medical Travel	Philippines

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### Workshops

1. Barriers, Opportunities and Risks on Trade in Health Services—Linkages with Health Systems.
2. Identifying and Prioritizing Cooperation Projects on Trade in Health Services.

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### Site Visits

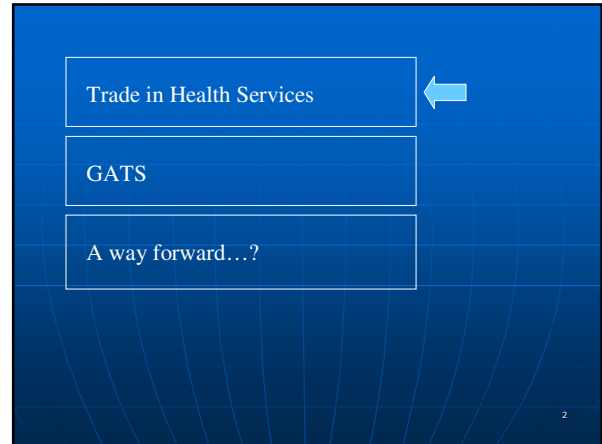
- Vicente Sotto Memorial Medical Center
- Chong Hua Hospital

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# GATS & trade in health services: a brief overview

Karin Timmermans  
WHO SEARO & WPRO

APEC Seminar on Trade in Health Services 1  
Cebu, Philippines 9-11 February 2010



**GATS distinguishes 4 ways, or 'modes', of providing services:**

1. Cross-border supply:	international phone calls, 'telemedicine'
2. Consumption abroad:	tourism, patients seeking treatment abroad
3. Commercial presence:	subsidiaries of foreign firms, foreign-owned hospitals
4. Movement of natural persons:	foreign workers, incl. doctors, nurses

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### Mode 1: cross-border supply telemedicine

<p><b>Negative:</b></p> <ul style="list-style-type: none"> <li>• Can divert funds away from basic health services;</li> <li>• May cater only for urban upper and middle classes;</li> <li>• Could divert human resources away from remote areas or basic services (internal 'brain drain')</li> </ul>	<p><b>Positive:</b></p> <ul style="list-style-type: none"> <li>• Could help to extend sophisticated services to remote areas;</li> <li>• Facilitate dissemination of knowledge and upgrade skills;</li> <li>• May alleviate human resource constraints</li> </ul>
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### Mode 2: consumption abroad Treatment abroad

<p><b>Negative:</b></p> <ul style="list-style-type: none"> <li>• Can divert funds away from services for nationals;</li> <li>• 'Crowding out' of locals;</li> <li>• Two-tier system</li> <li>• Only for the rich?</li> </ul>	<p><b>Positive:</b></p> <ul style="list-style-type: none"> <li>• Increase quality of services;</li> <li>• revenues could be used to upgrade/expand domestic services;</li> <li>• May alleviate capacity constraints;</li> <li>• Reduce costs/make additional services available</li> </ul>
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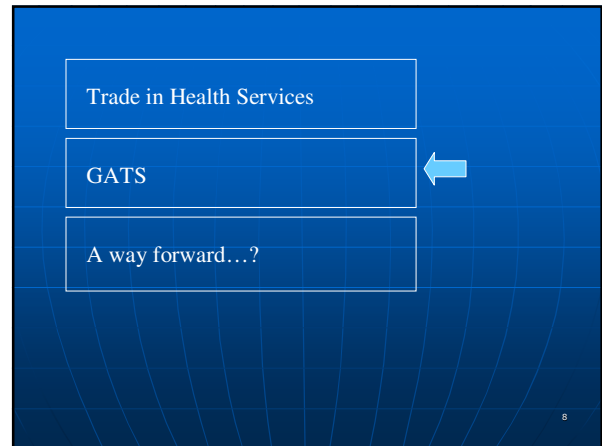
### Mode 3: commercial presence Foreign-owned hospital/insurance

<p><b>Negative:</b></p> <ul style="list-style-type: none"> <li>• Risk of 'cream-skimming';</li> <li>• Could increase the internal 'brain drain';</li> <li>• There may be hidden costs associated with efforts to attract foreign direct investment</li> </ul>	<p><b>Positive:</b></p> <ul style="list-style-type: none"> <li>• Could improve quality and standards;</li> <li>• May facilitate technology transfer;</li> <li>• Creates employment opportunities</li> </ul>
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# Annex 5. GATS & Trade in Health Services\_A brief overview

Mode 4: movement of natural persons  
Migration of health personnel

Negative:	Positive:
<ul style="list-style-type: none"> <li>• May create shortages at home;</li> <li>• Migrating professionals are often relatively highly qualified;</li> <li>• The poorer country ends up subsidizing the health system of the more affluent country</li> </ul>	<ul style="list-style-type: none"> <li>• Upon their return, professionals may have additional knowledge and skills that could benefit the domestic health care system;</li> <li>• for some small countries, migration may be the most efficient way to build HRH</li> </ul>



the General Agreement on Trade in Services  
= GATS =

- First multilateral, enforceable agreement on trade in services;
- Objectives: non-discrimination, increased transparency and progressive liberalization of trade in services;

Non-discrimination:

- **Most-favored nation (MFN) treatment:** all trading partners are to be treated the same;
- **National treatment:** foreign companies and national companies are to be treated the same.

**GATS is a framework agreement;**  
its actual content -and the implications at national level- depends largely on the individual country's commitments

**=> GATS is quite flexible**  
**=> GATS is complex**

During GATS negotiations, countries make commitments to open up certain sectors or sub-sectors, i.e. they make market access commitments.

Unless explicitly indicated otherwise, commitments are 'bound': modification or withdrawal can result in requests for compensations from affected countries.

=> Commitments virtually guarantee a minimum level of market access

The commitments are written in "schedules".

Schedules:

- 'horizontal part' – applicable to all sectors
- 'vertical' part – sector specific
- limitations on market access
- exceptions to national treatment

If a limitation or exception has not been entered in the schedule of a committed sector, it cannot be used.

**=> Making GATS commitments may limit policy options**

# Annex 5. GATS & Trade in Health Services\_A brief overview

Example of a schedule - hospital services, India:

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional comments
Hospital services (CPC 9311)	1. Unbound * 2. Unbound 3. Only through incorporation with a foreign equity ceiling of 51 percent 4. Unbound except as indicated in the horizontal section	1. Unbound 2. Unbound 3. None  4. Unbound except as indicated in the horizontal section	

**GATS is a framework agreement;**

its actual content -and the implications at national level- depends largely on the individual country's commitments

=> GATS is quite flexible

=> GATS is complex

... and GATS is 'a work in progress' ...

### Work in progress:

GATS does allow *non-discriminatory* domestic regulations, such as licensing and qualification requirements, regulations on technical standards etc.

=> Governments are free to develop regulations to guarantee the quality of health services.

Rules are being developed to ensure that 'domestic regulations' are based on objective & transparent criteria, and are not more burdensome than necessary.

### Uncertainties in GATS:

- General exception for health – “nothing in this agreement shall be construed to prevent the adoption or enforcement ... of measures ... necessary to protect human, animal or plant life or health”

when will a measure be considered necessary?

- GATS does not apply to 'governmental services' – i.e. services “supplied neither on a commercial basis nor in competition with one or more service suppliers”

do fees render public health services 'commercial'?

Trade in Health Services

GATS

A way forward...? ←

### Trade

Increase trade

Liberalize trade

Increase transparency

**Enhance economic development**

# Annex 5. GATS & Trade in Health Services\_A brief overview

Trade	Health
Increase trade	Ensure quality
Liberalize trade	Increase equity
Increase transparency	Ensure efficiency
Enhance economic development	Equitable access to good services

?

- ### Starting point:
- Thorough analysis to*
- Review the current national situation with regard to trade in health services;
  - Identify opportunities and risks;
  - Devise strategies to make use of the opportunities and to mitigate the risks, within the GATS framework of rules.

- ### Potential problems:
- Lack of data
  - Focusing on the wrong questions
  - There is limited time
  - MOH not familiar with the topic
  - Uncertainties in GATS

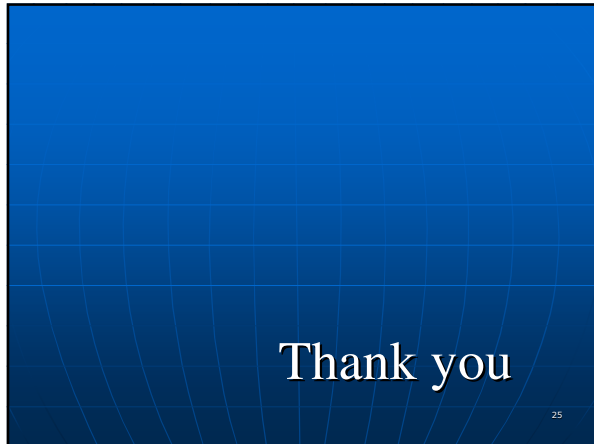
- ### Options for countries:
- Do not commit to liberalizing trade in health services;
  - If and where trade liberalization is considered advantageous, opt for *unilateral* liberalization first, in order to gain experience and evidence, before making binding commitments;
  - Consider making demands to other countries in those modes where you have a comparative advantage

### Scope of GATS

	incoming	outgoing
1. Cross-border supply:	...	...
2. Consumption abroad:	...	...
3. Commercial presence:	...	...
4. Movement of natural persons:	...	...

### Scope of GATS

	incoming	outgoing
1. Cross-border supply:	v	v
2. Consumption abroad:		v
3. Commercial presence:	v	
4. Movement of natural persons:	v	



# Annex 6. A Diagnostic Tool on Trade and Health\_Background, update and experiences

A diagnostic tool on trade and health:  
background, update and experiences

Karin Timmermans  
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APEC Seminar on Trade in Health Services 1  
Cebu, Philippines 9-11 February 2010

- International trade and trade agreements increasingly affect health;

**WTO Agreements relevant for public health (examples)**

	WTO RULES	SPS	TBT	TRIPS	GATS
<b>HEALTH ISSUES</b>					
• Infectious disease control		*	*		
• Food safety		*			
• Tobacco control			*	*	*
• Environment		*	*		
• Access to medicines				*	
• Health services					*
• Food security		*			
<b>EMERGING ISSUES</b>					
• Biotechnology		*	*	*	
• Information Technology				*	
• Traditional knowledge				*	

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- International trade and trade agreements increasingly affect health;
- Yet health professionals and policymakers are, traditionally, not familiar with trade rules.

<p><b>Trade</b></p> <p>Increase trade</p> <p>Liberalize trade</p> <p>Increase transparency</p> <p style="text-align: center;"><b>Enhance economic development</b></p>	<p style="text-align: right;"><b>Health</b></p> <p style="text-align: right;">Ensure quality</p> <p style="text-align: right;">Increase equity</p> <p style="text-align: right;">Ensure efficiency</p> <p style="text-align: center;"><b>Equitable access to good services</b></p>
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**Resolution WHA59.26:  
International Trade and Health**

Calls on WHO Member States to ensure that health and trade are balanced, and

- to promote intersectoral dialogue and establish coordination mechanisms;
- to adopt policies, laws and regulations to harness the opportunities and address the challenges;
- to generate coherence in trade/health policies;
- to develop capacity to track and analyse the impact of trade and trade agreements on health.

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## Annex 6. A Diagnostic Tool on Trade and Health\_Background, update and experiences

- To underpin these:  
need a comprehensive national assessment of issues at the interface of trade and health
- This requires:
  - Knowledge about international trade agreements and how they operate
  - An analytical framework to systematically analyze the health implications of trade

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The development of a “diagnostic toolkit” for trade and health was initiated by WHO HQ

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### Diagnostic toolkit on trade & health - objectives

- Facilitate a comprehensive national analysis of trade and health, as a basis for:
  - conducting intersectoral dialogues
  - increasing policy coherence
  - devising policy measure to capture the opportunities and mitigate potential risks

### Diagnostic toolkit on trade & health - objectives

- Facilitate a comprehensive national analysis of trade and health, as a basis for:
  - conducting intersectoral dialogues
  - increasing policy coherence
  - devising policy measure to capture the opportunities and mitigate potential risks
- Input into trade negotiations
- Identification of knowledge or capacity gaps, and thus of capacity building needs

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### Diagnostic toolkit – elements

#### General:

- Population health and national health system
- Macro-economic and trade environment

#### Specific:

- Trade in harmful and hazardous products
- Trade in foodstuff
- Trade in health goods (medicines, diagnostics, medical equipment etc.)
- Trade in health services (all 4 modes)

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### Diagnostic toolkit – sub-elements

- performance, characteristics, approaches and priorities
- what is being traded: exports/imports
- offensive/defensive interests
- applicable trade rules and agreements and issues related to ongoing negotiations
- health implications
- trade implications
- existing regulatory environment
- flanking policies under consideration
- mechanisms for policy coherence
- capacity gaps/needs

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## Annex 6. A Diagnostic Tool on Trade and Health\_Background, update and experiences

	-health status & system -macro-economic & trade	hazardous products	foodstuff	health goods	health services
Performance, characteristics, approach, priorities					
What is being traded (imports and exports)					
Offensive/defensive interests					
Ongoing negotiating issues related to trade rules and agreements					
Health implications					
Regulatory issues & Flanking policies					
Mechanisms/capacity for policy coherence					
Capacity building needs					13

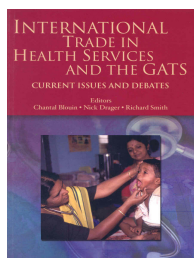
### Diagnostic toolkit – structure

- A questionnaire with 4 main sections: hazardous goods, health goods, health services, foodstuffs
- A 'workbook' to facilitate the use of the questionnaire:
  - Suggestions for data sources
  - International norms and standards
  - Case studies, examples and good practices
  - References to existing methodologies
  - Links to relevant information and resources
  - But not 'prescriptions'

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### Diagnostic toolkit – development process

- Modeled on the earlier framework for analysis of trade in health services;
- Consultations to obtain input;
- Experts to draft;
- Peer reviews of drafts;
- Field tests.



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### “field tests”

- Experiences with the framework for analyzing trade in health services:
  - research project in the Eastern Mediterranean Region: 10 countries, using an adapted and simplified version of the framework
  - several individual country studies in Asia
- Field tests of parts of the diagnostic toolkit
  - so far, only a few countries, still ongoing
  - only selected parts: i) trade in health services, or ii) trade in foodstuff, or both

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### Strengths of the (health services) framework

- Provides a systematic approach to collecting data on most aspects of trade in health services
- Proposed methodology permits comparison across countries, especially those at a similar level of socioeconomic development
- Data collection can result in increased (informal) intersectoral dialogue
- Provides a basis for improved policy coherence on key issues among trade and health sector

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### Challenges

- It is not always possible to accurately estimate the direction, volume and value for all modes of trade in health services
  - Measuring the volume of trade (e.g. no. of patients going abroad, no. of health personnel moving to another country)
  - Estimation of the monetary value
- In the absence of information systems/surveys on trade in health services, innovative and novel approaches are required
- Limited institutional capacity for undertaking independent work on trade in health services

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## Annex 6. A Diagnostic Tool on Trade and Health\_Background, update and experiences

### Lessons

- Learn trade jargon and trade-and-health issues beforehand
- Use of the tool/framework is not self-explanatory; it requires further guidance
- Intersectoral teams of public health and trade professionals do better than either alone
- Collecting the information and analyzing it are two distinct steps; the analysis does not automatically roll out of the data
- The framework is not designed to assess the **impact** of liberalizing international trade in health services on the health system

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